



2011 VITA/TCE California Volunteer Reference Manual

California Volunteers Make the Difference

Instructions for:

- ▶ Form 540
- ▶ Schedule CA
- ▶ Form 3506
- ▶ Volunteer Procedures
- ▶ Tax Wise Tips



Prepared By: Franchise Tax Board

Critical Numbers

Site Identification Number (SIDN)

Site Name

Partner: _____

Phone: _____

State Coordinator: _____

Phone: _____

Franchise Tax Board Field Offices

LOS ANGELES FIELD OFFICE
300 S SPRING STREET SUITE 5704
LOS ANGELES CA 90013-1204

SAN DIEGO FIELD OFFICE
7575 METROPOLITAN DRIVE SUITE 201
SAN DIEGO CA 92108-4402

OAKLAND FIELD OFFICE
1515 CLAY STREET SUITE 306
OAKLAND CA 94612-1432

SAN FRANCISCO FIELD OFFICE
121 SPEAR STREET SUITE 400
SAN FRANCISCO CA 94105-3685

SACRAMENTO FIELD OFFICE
3321 POWER INN ROAD SUITE 250
SACRAMENTO CA 95826-3389

SANTA ANA FIELD OFFICE
600 W. SANTA ANA BLVD SUITE 300
SANTA ANA CA 92701-4532

Volunteer Hotline (For Volunteer Use Only)

800.522.5665

Automated Phone Service

From Within the United States, call

800.338.0505

From Outside the United States, call (not toll-free)

916.845.6600

Public Assistance Numbers

From Within the United States, call

800.852.5711

From Outside the United States, call (not toll-free)

916.845.6500

Website

Get More Information at **ftb.ca.gov**:

- How to e-file
- Check the status of a refund
- Options for paying taxes
- Have California forms mailed to you
- Download forms and publications



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Introduction Section



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What's New for 2011

Standard Deduction Amounts:

- Single and married filing separately - \$3,769.
- Married filing jointly/RDP, head of household, and qualifying widow(er) - \$7,538.

Exemption Credit Amounts Changed:

- For dependents - \$315
- For personal, senior, and blind - \$102

Child & Dependent Care Expenses Credit

For taxable years beginning on or after January 1, 2011 the Child and Dependent Care Expenses Credit is nonrefundable. The information has been moved from the payment section to the tax and credit section of the 540/540A.

Use Tax Table

For purchases less than \$1,000, a use tax table based on California AGI is included in the 540/540A Booklet.

Mortgage Debt Relief

California law conforms, with modifications, to federal mortgage forgiveness debt relief for discharges that occurred in tax years 2007 through December 31, 2012. The amount of qualifying indebtedness is less than the federal amount and California imposes a state-only limitation on the total amount of relief excluded from gross income.

Capital Gain Exclusion

California conforms to capital gain exclusion amounts for sale of personal residence by a surviving spouse/RDP.

Computer Based Training

The VITA/TCE computer based training (CBT) quiz and test are offered as a supplement or alternative to classroom training at a basic certification level. Find the CBT online at ftb.ca.gov/apps/vita/index.asp or search the volunteer program webpage at ftb.ca.gov/individuals/vita/index.shtml.



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Estimated Tax Payments

Estimated Tax Payments – Installments due for each tax year beginning on or after January 1, 2011, shall be 30 percent of the required annual payment for the first required installment, 40 percent of the annual payment for the second required installment, no installment due for the third required installment, and 30 percent of the annual payment for the fourth required installment. Taxpayers with a tax liability less than \$500 (\$250 for married/RDP filing separately) do not need to make estimated tax payments.

Important Due Dates

April 17, 2012	<p>Last day for your client to file and pay the 2011 tax they owe to avoid penalties and interest. See FTB 3519, <i>Payment for Automatic Extension for Individuals</i>, for more information.</p> <p>If a client is living or traveling outside the United States on April 17, 2012, the due dates for filing a return and paying tax are different.</p>
October 15, 2012	<p>Last day for your client to file their 2011 tax return to avoid penalties and interest computed from the original due date of April 17, 2012.</p>
April 17, 2012 June 15, 2012 September 17, 2012 January 15, 2013	<p>Due dates for 2012 estimated tax payments. Generally, your clients do not have to make estimated tax payments if their California withholding in each payment period totals 90 percent of their required annual payment. Also, they will not have to make estimated tax payments if they pay enough through withholding to keep the amount they owe with their tax return under \$500 (\$250 if married/RDP filing separately). However, if they do not pay enough tax either through withholding or by making estimated tax payments, they may have an underpayment penalty. See Form 540-ES instructions for more information.</p>



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State and Federal Differences

California does not tax:

- Interest income from savings bonds, U.S. Treasury Bills, or any other bonds of the U.S. or U.S. Territories.
- State income tax refunds.
- Unemployment compensation and paid family medical leave.
- Social security benefits.
- Tier 1 and tier 2 railroad retirement benefits.
- California lottery winnings.

California does tax:

- Foreign earned income.
- Interest income from non-California state and local bonds.
- Interest income from District of Columbia bonds issued after December 27, 1973.
- Interest income from municipal bonds issued by a county, city, town, or other local government unit in a state other than California.
- Foreign social security income.

California law differs from federal law with regard to certain itemized deductions.

California does not have the earned income credit.

California disallows some of the federal adjustments to gross income.

California offers partial conformity to federal provisions. Refer to FTB Publication 1001, *Supplemental Guidelines to California Adjustments*, for important differences.

California allows contributions to many different funds.

Under federal law, a spouse may seek relief in instances where a refund on a joint return is used to pay (offset) a debt of the other spouse. California does not conform to this provision.

Example: In 1998, Sam was a full-time student and Sally was employed. Sam and Sally filed a joint tax return. Sam and Sally's refund was used to offset past-due child support owed by Sam. For federal purposes, Sally is an injured spouse. Thus, Sally may claim her share of the refund on federal Form 8379, *Injured Spouse Allocation*. California does not conform to this provision.



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California tax credits include:

- Nonrefundable Renter's Credit.
- Child and Dependent Care Expenses.
- Joint Custody Head of Household.
- Dependent Parents.
- Senior Head of Household.
- Child Adoption.
- As well as many other special credits. Refer to Form 540 instruction booklet for additional credits.

Additional Information

Scope of VITA/TCE

The VITA/TCE program provides assistance to individuals with limited income who need help completing simple federal and state income tax returns. Non-resident and part-year resident tax returns can be complex. This manual excludes instructions for the California long or short Form 540NR. This manual limits instructions to California resident tax returns only.

Generally, volunteer sites open as early as January 15 and provide assistance through April 15 each year. In all cases, VITA/TCE sites do not charge for assistance.

General Filing Requirements

If in doubt about a filing requirement, file a tax return. By filing a tax return, your client avoids penalties for failure to file.

If a client may be claimed as a dependent on someone else's tax return, file a tax return if gross income exceeds the standard deduction. Use the "Standard Deduction Worksheet for Dependents" to figure the standard deduction amount.

Remember, even if your client does not have a filing requirement, file a tax return to claim a refund if:

- There is California withholding on Form W-2 or 1099.
- The client paid estimated tax payments to the State of California.
- The client paid out of pocket child care expenses.

Deceased Taxpayers

If a tax return is normally required, file a final tax return for individuals who died during 2011.

If there is no administrator or executor appointed, file a joint tax return with the surviving spouse/RDP as long as the spouse/RDP did not remarry during 2011. Write "surviving spouse/RDP" next to their signature on the tax return.



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If your client is not the surviving spouse/RDP, and claims a refund due a deceased taxpayer, attach to the tax return federal Form 1310, *Statement of Person Claiming Refund Due a Deceased Taxpayer*, and a copy of the death certificate.

Children Under 19 With More Than \$1,900 of Investment Income

State and federal rules conform for children under age 19, or under age 24 and a full time student, who received more than \$1,900 of investment income in 2011. The taxpayer must complete Form 540 and FTB 3800, *Tax Computation for Children with Investment Income*, or FTB 3803, *Parents' Election to Report Child's Interest and Dividends*.

This rule does not apply if the child, aged 19 through 24, has earned income that exceeds half of their support.

Prior to 2010 there were differences in conformity between federal and state. For information on prior year differences contact the Volunteer Hotline, 1.800.522.5665.

Rounding

Please round cents to the nearest whole dollar. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. If you add two or more sums to figure the amount to enter on a line, include cents when adding and round only the total.

California Tax Forms on the Internet

Download, view, and print California income tax forms and publications at **ftb.ca.gov**.



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Filing Requirements for Most Clients

Read down the first column to find your client's filing status at the end of 2011. Read across to find the age of your client at the end of 2011 and the number of dependents they claim for 2011. File a tax return if either the California gross income or the California adjusted gross income exceeds the listed amount for their filing status, age, and number of dependents.

On 12/31/2011 my clients' filing status was:	And my clients' age was:	California Gross Income			California Adjusted Gross Income		
		Number of Dependents			Number of Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of Household	Under 65	15,152	25,652	33,527	12,122	22,622	30,497
	*65 or older	20,252	28,127	34,427	17,222	25,097	31,397
Married Filing Jointly/RDP or Married Filing Separately/RDP (with combined incomes*)	Under 65	30,305	40,805	48,680	24,244	34,744	42,619
	*65 or older (1 spouse or RDP)	35,405	43,280	49,580	29,344	37,219	43,519
	*65 or older (both spouses or RDPs)	40,505	48,380	54,680	34,444	42,319	48,619
Qualifying Widow/Widower	Under 65		25,652	33,527		22,622	30,497
	*65 or older		28,127	34,427		25,097	31,397
Dependent of another person. (Any filing status, any age)		More than your client's standard deduction. *Married filing separate filing status may be different.					

California Gross Income is all income your clients' received in the form of money, goods, property, and services that are not exempt from tax. Gross income does not include any adjustments or deductions.

California Adjusted Gross Income (AGI) is your clients' federal adjusted gross income from all sources reduced or increased by all California adjustments.

Note: If your clients' 65th birthday is on January 1, 2012, they are considered to be age 65 on December 31, 2011.



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California Income Tax Returns

There are five state income tax forms for California:

- 540 2EZ – For full year residents
- 540A – For full year residents
- 540 – For full year residents
- 540NR – *Long Form* for part year residents and nonresidents
- 540NR – *Short Form* for part year residents and nonresidents

This manual covers instructions for:

- Form 540
- Schedule CA (540)
- Form 3506
- TaxWise Tips
- Volunteer Procedures

Filling in Paper Tax Returns

Use a black or blue ballpoint pen to fill in the copy of the tax return for the Franchise Tax Board (FTB). The scanning machine cannot read red, other colored ink, or pencil.

Print all names and words in **CAPITAL LETTERS**.

Enter your clients' social security number at the top of the form. Social security numbers are not on mailing labels or letters.

Print numbers inside boxes. Line up dollar amounts. Always round cents to the nearest whole dollar on the tax return and schedules.

If there is no entry for a line, leave it blank. Do not enter a dash. Also, do not enter a zero unless the instructions specifically advise you to enter a zero.

See the example below for filling in the name.

J	O	H	N	
---	---	---	---	--

If any of your clients' names or addresses are too long to fit in the boxes, ignore the boxes and fit the information in the provided space. John SmithBarney enters his last name as follows:

S	M	I	T	H	B	A	R	N	E	Y
---	---	---	---	---	---	---	---	---	---	---

Important Note: Remember to write the social security number for each client and spouse/RDP, if applicable. Paper filers enter date of birth. If either a taxpayer or spouse/RDP filed a tax return using a different last name in 2010, enter the last name used on that tax return in the space provided.



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Which Tax Form to Use – 540 2EZ, 540A, or 540?

	540 2EZ	540A	540
Filing Status	Single, married/RDP filing jointly, head of household, or qualifying widower	Any filing status	Any filing status
Dependents	0-3 allowed	All dependents the client is entitled to claim	All dependents the client is entitled to claim
Sources of Income	<ul style="list-style-type: none">• Wages, salaries, tips• Scholarship or fellowship grants• Unemployment compensation• U.S. Social Security• Railroad retirement• Pensions• Dividends• Mutual Funds• Capital gains	<ul style="list-style-type: none">• Wages, salaries, tips• Scholarship or fellowship grants• Interest and dividends• Unemployment compensation• U.S. Social Security• Tier 1 and tier 2 railroad retirement benefits• Fully and partially taxable IRS distributions, pensions, or annuities• Alimony.	All sources of income
Amount of Income	Taxable income of \$100,000 or less if single or head of household. \$200,000 or less if married/RDP filing jointly or qualifying widow(er). If your client can be claimed as a dependent by another taxpayer, see form instructions.	Any amount of income	Any amount of income
Adjustment to Income	None	Allowed if the adjustments are the same as federal adjustments to income	All adjustments to income



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Which Tax Form to Use – 540 2EZ, 540A, or 540? (CON'T.)

	540 2EZ	540A	540
Standard Deduction	Allowed (included in tax table calculation)	Allowed	Allowed
Itemized Deductions	None	Allowed if the same as federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
Payments	Withholding shown on Form W-2	<ul style="list-style-type: none">• Withholding shown on Forms W-2, W-2G, and 1099-R.• Estimated tax payments• Payments made with extension voucher• Excess State Disability Insurance (SDI) or Voluntary Plan Disability (VPDI).	Same as 540A and, in addition, withholding from: <ul style="list-style-type: none">• 592-B• 593-B
Tax Credits	Personal, dependent, and senior exemption credits. Nonrefundable Renter's Credit.		

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General Information Section

The General Information section covers common rules that apply to two or more of the California tax forms. Find specific information in the appropriate 540/540A or 540 2EZ booklet.



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All of the information in this section appears on two or more California tax forms.

Name and Address

- Paper filers complete the entire tax form, and then check your entire math and line amounts.
- Make sure the information is correct, give the tax return to a fellow volunteer for quality review, before the client signs and dates the tax return.
- If your client has multiple last names, use the last name on the social security card. The state software rejects hyphenated last names. If your client has a hyphenated last name, enter both names minus the hyphen on the state tax return.

When your client files married/RDP filing jointly or married filing separately, always enter both social security numbers.

Postal regulations require using PMB with your clients' mailbox number if they leased the box from a private business rather than the United States Postal Service. If a private mailbox is used, enter your clients' box number in the field labeled address and use PMB plus number.

Important Note: When using software, check the box and enter apartment numbers separately on the state tax return (Form 540, Page 1).

Social Security Numbers

Enter your client's social security number in the correct space. If filing a joint return, list the social security numbers in the same order as the names on the tax return.

If your client has applied for, but not yet received, an Individual Taxpayer Identification number (ITIN), write *Applied For* in the social security field.

Important Info: If your client does not have a social security number because they are a nonresident or resident alien for federal tax purposes, and the IRS issued your client an ITIN, enter the ITIN in the space provided for the social security number.

Filing Status

Your client's filing status for California must be the same as the filing status used on the federal return unless the client is part of a Registered Domestic Partnership.

Exception: Married clients who file a joint federal income tax return may file separate state tax returns if either spouse:

- Was an active duty member of the United States armed forces (or any



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auxiliary military branch) during 2011.

- Was a California nonresident for the entire year with no California source income.

The exceptions above require income splitting. Since income splitting rules are complex and outside the scope of the VITA/TCE volunteer program, refer these clients to the Franchise Tax Board or, if military, to their Staff Judge Advocate's Office.

Completely fill in the circle for the filing status that applies to your clients.

Claimed as a Dependent

Completely fill in the circle on line 6 if your client, or their spouse/RDP, meet the dependency rules on someone else's tax return.

Exemptions

Personal

Find the exemption credit amounts in the exemption section of Form 540.

If the **circle on line 6 is blank** and the filing status is:

Single, enter	1
Married/RDP filing jointly, enter	2
Married/RDP filing separately, enter	1
Head of Household, enter	1
Qualifying widow(er), enter	2

If you **did** check the circle on line 6 and the filing status is:

- Single, married/RDP filing separately, head of household, or married/RDP filing jointly, and both your client and their spouse/RDP can be claimed as a dependent, **enter 0.**
- Married/RDP filing jointly and only your client or their spouse/RDP can be claimed as a dependent, **enter 1.**

Then, multiply this number by \$102 and enter the amount on line 7 of Form 540.

Blind

Claim an additional personal exemption credit if your client, or spouse/RDP if filing jointly, is visually impaired. If this exemption is claimed for the first time, attach a doctor's statement verifying the visual impairment to the **back** of the tax return.



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Visually impaired means: "Vision is no better than 20/200 while wearing glasses or contact lenses, or that the field of vision is not more than 20 degrees." Enter 1 if your client qualifies or 2 if both the client and their spouse/RDP qualify. Multiply this number by \$102 and enter the amount on line 8 of Form 540.

Important Info: This exemption credit cannot be taken if your client can be claimed as a dependent on someone else's tax return.

Senior

Claim an additional personal exemption credit if your client, or their spouse/RDP, if filing jointly, is 65 years of age or older by December 31, 2011. Enter 1 if your client qualifies or 2 if both your client and spouse/RDP are 65 or older. Multiple this number by \$102 and enter the amount on line 9 of Form 540.

If your clients' 65th birthday is on January 1, 2012, they are considered age 65 on December 31, 2011.

If your client can be claimed as a dependent on someone else's return, they may not claim this exemption credit.

Important Note: You must check the "blind" box located on the main information screen and/or enter your client's birthdate on the main information screen in order for the blind and senior exemption credits to automatically enter on the state tax return.

Dependents

An exemption credit is allowed for each dependent. Write the name and relationship of each dependent in the appropriate space.

Listed dependents must be the same on both federal and state tax returns.

Count the number of dependents listed, and enter the total in the appropriate boxes on the forms. Multiply the number of dependents by \$315 and enter the amount on line 10 of Form 540.

Important Info: The Dependent Exemption Credit on Form 540 2EZ is included in Form 540 2EZ tax tables.

Income Adjustments

These are the adjustments available on the California Form 540/540A. Refer to the Form 540 section for additional information and income adjustments available.

State Income Tax Adjustment

California does not tax state income tax refunds. Enter the amount of any



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state income tax refund on Form 1040, line 10, as a subtraction adjustment to income on the California tax return.

Unemployment Compensation Adjustment

California does not tax unemployment compensation or paid family medical leave reported on federal Form(s) 1099-G and shown on the federal tax return. Enter the amount of taxable unemployment compensation or paid family medical leave on Form 1040, line 19, as a subtraction adjustment to income on the California tax return.

Social Security Benefits, Tier I and Tier 2 Railroad Retirement Benefit Adjustments

California does not tax:

- Social security benefits and equivalent tier I railroad retirement benefits on Form 1040, line 20b.
- Tier 2 railroad retirement benefits on Form 1040, line 16b.

Enter the total taxable amounts of the income types above on your client's federal tax return as a subtraction adjustment to income on the California return.

Adjust the income types above on California Adjustments – Residents Form CA(540) for Form 540 filers and on Page 1, line 14, for Form 540A filers.

Important Note: If your client has a 1099R with tier I or tier 2 income, make sure you "X" the "Railroad" box when entering the Form 1099R to indicate taxable income from this 1099R qualifies for subtraction on the California Schedule CA (540).

California Nontaxable Interest or Dividend Income Adjustment

California does not tax interest income from:

- United States savings bonds
- United States Treasury Bills
- Any other bonds or obligations of the United States, U.S. territories, and government agency obligations specifically exempt by federal law.

Enter nontaxable interest amounts included on Form 1040, line 8a, as a subtraction adjustment to income on the California tax return. Adjust the income types above on California Adjustments – Residents Form Schedule CA(540) for Form 540 filers and on Page 1, line 14, for Form 540A filers.

Interest from municipal or state bonds from a state other than California:

Report this interest, taxable by California but not by federal, on Form Schedule CA (540). If you identify this type of interest income as tax exempt on your



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client's federal return, add it back on their state return. Enter the federal tax-exempt interest on line 8, column C, Form Schedule CA (540).

Exempt-interest dividends from mutual funds:

Certain qualified mutual funds pay "exempt interest dividends." If at least 50 percent of their assets, at the end of each quarter, consist of tax-exempt government obligations, including tax-exempt government obligations of the state of California and its' municipalities, that amount of dividend is exempt from California tax. Find the tax-exempt portion of the dividend on your client's annual statement. Enter the California exempt-interest amount that exceeds the federal exempt-interest amount on Form Schedule CA (540), line 8, column B.

Tax exempt interest dividends include:

- Exempt federal obligations, or
- California state or local obligations.

For California purposes, federal and California state obligations may be combined to meet the 50 percent test. California tax exempt obligations are different than federal. The differences are:

- Federal – State or local obligations of any state.
- California – California state or local obligations. U.S. federal obligations.

Important Info: The mutual fund determines the tax-exempt amount for federal tax purposes and sends a statement to the taxpayer. The federal amount will be correct for California if the exempt-interest dividends are from California state and local obligations.

Only federal obligations that would be exempt from California taxation if held by the individual taxpayer qualify for tax-exempt treatment.

The amount designated by the mutual fund as an exempt interest dividend may contain items that are not exempt from California tax (e.g. non-California state obligations or non-deductible interest expenses). In this case, only a percentage of the dividend will be exempt for California purposes.

Important Note: On the federal Schedule B, interest statement, enter a "+" in the state adjustment column, for interest that needs to be added to the state tax return. Place a "-" in the column for interest that is nontaxable to the state and needs to be subtracted on the state tax return.

California Distributions

Although the taxing method of IRA distributions is generally the same for California and federal calculations, there may be differences in the taxable amount depending



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on the year the client made the contribution.

If your client or their spouse/RDP contributed to an IRA in 1975, or 1982 through 1986, you may need to make an adjustment. California and federal deduction rules differed during these years. The client may owe less California tax on the distribution amount.

Consider an IRA fully taxable if your client took the full deduction at the time of the contribution. If the IRA contribution was partially or fully nondeductible, then the nondeductible contribution is not taxed when your client begins taking distributions.

Since California law differs from federal law, complete the “IRA Adjustment Worksheet” in this chapter to determine California basis.

1975:

IRA deductions disallowed for California. Federal allowed an IRA deduction up to \$1,500.

1982 through 1986:

California and federal law differed. The maximum federal individual deduction equaled \$2,000. Active participants in qualified and government retirement plans, and persons who contributed to tax-sheltered annuities, qualified for the federal deduction. For California, the maximum deduction equaled the lesser of \$1,500 or 15% of earned income with an additional deduction for a “nonworking spouse,” up to an overall limit of \$1,750. California disallowed all IRA deductions if an individual was an active participant in a qualified or government retirement plan or contributed to a tax-sheltered annuity.

1987 through present:

California law conforms to the federal law. Therefore, if your clients made an IRA contribution during those years, no adjustment is necessary.

California residents who were formerly nonresidents:

California law changed for tax years beginning on or after January 1, 2002.

Under the prior law, when your client became a California resident, they received a stepped-up basis in their IRA equal to their annual contributions made while a nonresident, plus their IRA earnings while a nonresident. A nonresident’s IRA basis was carried over until fully recovered. But now, under the new law, they no longer have this stepped-up basis.

The law treats a former nonresident as if they were a resident for all prior years for all items of deferred income, which includes IRAs. Therefore, a former nonresident claims a basis only for nondeductible contributions under California law for a California resident. This applies only to contributions made prior to 1987.



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If your client became a California resident prior to 2002 with an unrecovered stepped-up basis carryover for 2002, restate their IRA basis using the new law. If a client does not recover basis from the initial distribution, the client may amend for applicable years. Otherwise, any unrecovered basis is lost.

Important Note: For more information, see FTB Pub.1005, *Pension and Annuity Guidelines*.

Below is an example of how to figure a California Basis Adjustment

Basis Worksheets – Worksheet I Figuring California Basis/Adjustment to Federal AGI	
Part A - Pre-1987 California Basis (If you have already computed your California basis as of 12/31/2010, or have always been a California resident, skip to Part B.)	
1. Enter your total federal deductions claimed prior to 1987.	1.
2. Enter total California deductions claimed prior to 1987 (or the deductions you could have claimed if you had been a California resident).	2.
3. Total California basis (subtract line 2 from line 1).	3.
4. Enter your California basis recovered in prior years.	4.
5. California basis as of 12/31/2010. Subtract line 4 from line 3.	5.
Part B – Adjustments to Federal AGI and Remaining Pre-1987 California Basis	
1. Enter your taxable distribution from your Federal Form 1040, line 15b (or line 16b).	1.
2. Enter your California basis as of 12/31/2010.	2.
3. Enter the smaller of line 1 or line 2. Enter this amount on Schedule CA (540), line 15b, or line 16b.	3.
4. Remaining California basis as of 12/31/2011. Subtract line 3 from line 2.	4.

Enter Total California basis from information above or client's records:	1. \$900
Enter California basis recovered in prior years:	2. \$0
California basis as of 12/31/2011:	3. \$900
Enter client's taxable distribution from Form 1040, line 15b:	4. \$500
Enter client's basis as of 12/31/2011 (from line 3 above):	5. \$900
Enter the smaller of line 4 or line 5. Enter this amount on Schedule CA (540), line 15b:	6. \$500
Remaining California basis as of 12/31/2011, subtract line 6 from line 5:	7. \$400



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Use this IRA Adjustment Worksheet to Calculate Your Client's IRA California Basis.

Contributions and Deductions by Year

Your client must be able to provide information to complete the chart in order for you to determine whether an adjustment is necessary. If your client does not have this necessary information, no adjustment can be made.

<i>Year</i>	<i>Contributions</i>	<i>Federal Deductions</i>	<i>State Deductions</i>
1975			
1982			
1983			
1984			
1985			
1986			
<i>Total</i>			
	<i>(A)</i>	<i>(B)</i>	<i>(C)</i>

If your client can provide the necessary information, subtract total California Deductions (C) from total Federal Deductions (B). This amount is your client's California basis. If there is no difference between B and C, there is no adjustment on Form 540A, line 13e; or Schedule CA (540), line 15.

Basis of an Inherited IRA

An inherited IRA is considered inherited income, not inherited property. The IRA basis is not stepped up to fair market value at the date of death. The beneficiary's basis in the IRA is the same as the decedent's basis in the IRA.

California Pension and Annuity Adjustments

California and Federal laws generally treat pension and annuity income the same. However, if any of the following apply, your client may have an adjustment on the California tax return:

- They receive a federal Form RRB 1099-R for tier 2 railroad retirement benefits and you included all or part of these benefits as taxable income on the federal tax return.
- They received a retirement annuity between July 1, 1986, and January 1, 1987, and elected to use the three year rule for California purposes. The federal taxable amount is less than the California taxable amount.
- They receive federally nontaxable foreign social security income.



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- Elect a different treatment for 2010 Roth IRA conversion for federal and state.

Roth adjustments are made on Schedule CA (540), line 15, Columns B or C. Pension adjustments are made on Schedule CA (540), line 16, Columns B or C, as appropriate. For more information, see the instructions for Form 540 and Schedule CA (540), and FTB Pub.1005, *Pension and Annuity Guidelines*.

Standard and Itemized Deductions

Your client decides whether to itemize their deductions or to take the state standard deduction. Use the method that gives your client the larger deduction. Your client may itemize for state, federal, or both.

Clients over age 65, who take the federal standard deduction, may receive a greater state deduction if they itemize.

If your clients are married/RDP and filing separate tax returns, the client and their spouse/RDP must either both itemize their deductions or both take the standard deduction.

The Standard Deduction

If your client takes the standard deduction on their federal tax return, in many cases the state standard deduction will be greater than the allowable itemized deductions.

Any dependent, filing their individual tax return, must use the "California Standard Deduction Worksheet for Dependents" in this chapter.

Line 6 – If your client completed the circle on line 6, indicating possible dependent status on someone else's tax return, complete the "California Standard Worksheet for Dependents" below.

1.	Earned income. For purposes of the standard deduction earned income includes only wages.	\$400
2.	Enter \$300.	\$300
3.	Add line 1 and line 2.	\$700
4.	Minimum standard deduction (\$950 for tax year 2010).	\$950
5.	Enter the larger of line 3 or line 4.	\$950
6.	California standard deduction for the filing status.	\$3,769
7.	Allowable standard deduction. Enter the smaller of line 5 or line 6.	\$950



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Itemized Deductions

Your clients may itemize for the federal, the state, or both.

If your client claims itemized deductions on their state tax return, adjust the amount from their federal Schedule A. If your client files Form 540, complete and attach Schedule CA (540) Part II – Adjustments to Federal Itemized Deductions. Complete state itemized deductions using the “California Itemized Deductions Worksheet” below.

If your client or their spouse/RDP claims additional standard deduction amounts on their federal tax return because your client or their spouse/RDP is age 65 or older, then your client may benefit from itemizing on their state tax return even if they took the federal standard deduction.

Important Note: You cannot deduct Mello-Roos taxes assessed to fund local benefits and improvements. Mello-Roos may appear on the property tax bill.

To itemize for just the state, complete Form 1040, Schedule A following federal rules, then complete the “California Itemized Deductions Worksheet” or Schedule CA (540), Part II – Adjustments to Federal Itemized Deductions. Do not attach the federal Schedule A to your client’s tax return.

California Itemized Deduction Worksheet	
1. Enter the amount of itemized deductions from federal Schedule A, line 28, Itemized Deductions.	1.
2. Enter the amount from federal Schedule A, line 5, line 7, and only the portion relating to foreign income taxes from line 8. Be sure to include any amount deducted for State Disability Insurance (SDI), California Lottery losses claimed as a federal itemized deduction, and any Primary Mortgage Insurance premiums claimed on the federal Schedule A.	2.
3. Subtract line 2 from line 1. This amount is your clients’ total itemized deductions for California .	3.
4. Enter the Standard Deduction for your clients’ filing status.	4.
5. Compare the amounts on line 3 and line 4 above. Enter the larger of the two amounts here and on Form 540, line 18.	5.
If your client can be claimed as a dependent on someone else’s tax return, complete the “Standard Deduction Worksheet for Dependents.” Enter the amount from line 7 of that worksheet on line 4 of this worksheet.	



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Tax and Credits

Tax

Determine your client's tax by using the tax table in the 540/540A Booklet or in this manual. If you are filing a paper Form 540 2EZ, the tax tables are specially calculated to include the standard deduction and exemption credit. Do not use the Form 540 2EZ tax tables for either Form 540 or 540A.

Follow the instructions at the top of the table. Use the correct filing status and taxable income from your client's Form 540, line 20.

First Column

- 1 – Single
- 3 – Married/RDP filing separately

Second Column

- 2 – Married/RDP filing jointly
- 5 – Qualifying widow-(er)

Third Column

- 4 – Head of Household

Use Tax

California enacted use tax on July 1, 1935. It applies to purchases from out of state sellers, similar to sales tax paid on purchases made in California.

In general, your client pays California use tax on purchases from out of state (i.e., telephone, over the Internet, by mail, or in person) if both apply:

- The seller did not collect California sales or use tax.
- Your client used, gave away, stored, or consumed the item in this state.

If your client owes use tax, but chooses not to report it on their income tax return, they must report and pay the tax to the State Board of Equalization. For more information, contact the State Board of Equalization at **boe.ca.gov** or call 800.400.7115.

Complete the worksheet below to figure your clients' use tax.

Use Tax Worksheet	
1. Enter your clients' total purchases subject to use tax. Include handling charges. Do not include any sales or use tax your client paid to the seller.	1.
2. Enter the applicable sales and use tax rate from chart below.	2.
3. Multiple line 1 by the tax rate on line 2.	3.
4. Enter any sales or use tax your client paid to another state for purchases included on line 1.*	4.
5. Subtract line 4 from line 3. Enter line 5 on Form 540, line 95.	5.

*This is a credit paid to other states. Your client cannot claim a credit greater than



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the amount of tax that would have been due if the purchase had been made in California. For example, if your client paid \$8.00 in sales tax to another state for a purchase, and they would have paid \$6.00 in California, they can claim a credit of only \$6.00 for that purchase.

County	Rate	County	Rate
Alameda*	9.75%	Orange	8.75%
Alpine	8.25%	Placer	8.25%
Amador	8.75%	Plumas	8.25%
Butte	8.25%	Riverside	8.75%
Calaveras	8.25%	Sacramento	8.75%
Colusa	8.25%	San Benito	8.25%
Contra Costa	9.25%	San Bernardino	8.75%
Del Norte	8.25%	San Diego	8.75%
El Dorado*	8.25%	San Francisco	9.50%
Fresno*	8.975%	San Joaquin	8.75%
Glenn	8.25%	San Luis Obispo	8.25%
Humboldt*	8.25%	San Mateo	9.25%
Imperial*	8.75%	Santa Barbara	8.75%
Inyo	8.75%	Santa Clara	9.25%
Kern	8.25%	Santa Cruz*	9.00%
Kings	8.25%	Shasta	8.25%
Lake*	8.25%	Sierra	8.25%
Lassen	8.25%	Siskiyou	8.25%
Los Angeles*	9.75%	Solano	8.375%
Madera	8.75%	Sonoma*	9.00%
Marin	9.00%	Stanislaus	8.375%
Mariposa	8.75%	Sutter	8.25%
Mendocino*	8.25%	Tehama	8.25%
Merced	8.25%	Trinity	8.25%
Modoc	8.25%	Tulare	8.75%
Mono	8.25%	Tuolumne	8.25%
Monterey	8.25%	Ventura	8.25%
Napa	8.75%	Yolo*	8.25%
Nevada*	8.375%	Yuba	8.25%

*Many cities and towns in California impose a district tax, which results in a higher sales and use tax than in other parts of the county. If your clients are reporting an item that was purchased for use in any of the following cities or towns, please use the appropriate tax rates for those areas. The following tax rates apply within the city limits or the town limits of the listed community.



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County	City or Town With a Special District Tax	Effective Tax Rate
Contra Costa	Richmond	9.75%
El Dorado	Placerville and South Lake Tahoe	8.50% and 8.75%
Fresno	Clovis	8.975%
Humboldt	Trinidad	9.00%
Imperial	Calexico	9.25%
Lake	Clearlake and Lakeport	8.25% and 8.75%
Los Angeles	Avalon	10.25%
Marin	San Rafael	9.50%
Mendocino	Point Arena and Fort Bragg	8.75% and 8.75%
Mendocino	Willits and Ukiah	8.75% and 8.75%
Merced	Los Banos and Merced	8.75% and 8.75%
Monterey	Salinas and Sand City	8.75% and 8.75%
Nevada	Truckee	8.875%
Orange	Laguna Beach	8.75%
San Benito	San Juan Bautista	9.00%
San Bernardino	Montclair	9.00%
San Diego	El Cajon and National City	9.75% and 9.75%
San Joaquin	Stockton	9.00%
Santa Cruz	Capitola, Santa Cruz, and Scotts Valley	9.25%, 9.50%, and 9.25%
Sonoma	Sebastopol and Santa Rosa	9.25% and 9.25%
Tulare	Dinuba, Farmersville, Porterville, Tulare, and Visalia	9.50%, 9.25%, 9.25%, 9.25%, and 9.00%
Tuolumne	Sonora	8.75%
Yolo	Davis, West Sacramento, and Woodland	8.75%, 8.75%, and 9.00%

California Income Tax Withheld

Enter total California income tax withheld from box 17 on Forms W-2. If filing a joint tax return, include the amount withheld from the spouse's/RDP's wages. If filing separate tax returns, claim half of the **total** withholding from **both** spouses/RDPs on each tax return.

Also include amounts from Form W-2G, box 14, and 1099-R, box 10. If your clients received Form 1099 showing California income tax withholding on dividends and interest income, include these amounts.

Do not include any amount of local income tax withheld.



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Advise clients who do not receive Form W-2 by January 31, 2012, to contact their employers. Only an employer distributes or corrects Form W-2.

Clients who cannot get a copy of Form W-2 must complete FTB 3525, *Substitute for Form W-2, Wage and Tax Statement*, or 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts*, etc.

If your client forgets to send their Form W-2 with a paper tax return, advise them not to send them separately. It is best to wait until Franchise Tax Board contacts your client to request them.

2011 California Estimated Tax and Payment with FTB 3519

Enter total of any:

- 2011 California estimated tax payments your clients made using Form 540-ES.
- Overpayment from your clients' 2010 California income tax return that they applied to their 2011 estimated tax.
- Any payment with form FTB 3519, *Payment Voucher for Automatic Extension for Individuals*, which your client may have made if they are filing after April 17, 2012.
- Amounts claimed by your client who, with their spouse/RDP, paid 2011 joint estimated tax but are not filing a separate tax return.

When filing a separate tax return after estimate payments have been jointly sent to Franchise Tax Board, either the client or the spouse/RDP claims the entire amount paid or they each claim a part of it. Provide a signed statement from the client and their spouse/RDP explaining how they want their payments divided. Always show both social security numbers on the separate tax returns.

Nonrefundable Renter's Credit

Is your client's income on Form 540, line 17:

- \$35,659 or less if single or married/RDP filing separately?
- \$71,318 or less if married filing jointly, head of household, or qualifying widow(er)?

AND

Your client paid rent on their principal residence in California for at least 6 months in 2011?



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Yes: Complete the “Nonrefundable Renter’s Credit Worksheet” to see if they qualify.

No: They do not qualify for this credit.

Your client does not qualify for the Nonrefundable Renter’s Credit if, for more than half of the year, they rented property exempt from property taxes. Exempt property includes most government owned buildings, church owned buildings and parsonages, college dormitories, and military barracks. However, if your client’s landlord paid possessory interest taxes for the rented property, then your client may claim the Nonrefundable Renter’s Credit.

Your client does not qualify for the Nonrefundable Renter’s Credit if they or their spouse/RDP received a property tax exemption at any time during the year. However, if your client lived apart from their spouse/RDP for the entire year, and your client’s spouse/RDP received a homeowner’s property tax exemption for a separate residence, then claim the Nonrefundable Renter’s Credit if the client meets all other qualifications.

If your client and their spouse/RDP file separate returns, live in the same rental property, and both qualify for the Nonrefundable Renter’s Credit, each claims half of the amount, \$60, or one of them claims the whole amount, \$120. If your client and their spouse/RDP maintained separate residences, they each claim only half the amount, \$60.

Important Note: TaxWise does not automatically enter the Nonrefundable Renter’s Credit. If your clients qualify, you must remember to enter the credit on the state tax return. A checkbox on Form 540, Page 1, loads the Nonrefundable Renter’s Credit Worksheet. The worksheet calculates the credit and enters it into the software.



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Do Not Mail This Worksheet to FTB

Nonrefundable Renter's Credit Worksheet

1. Was your client a resident of California for the entire year in 2011?
YES Go to the next question.
NO Stop here. File Form 540NR, California Non-Resident or Part-Year Resident Income Tax Return.
2. Is your clients' California adjusted gross income \$35,659 or less if single or married/RDP filing separately; or \$71,318 or less if married/RDP filing jointly, head of household, or qualifying widow(er)?
YES Go to the next question.
NO Stop here. Your client does not qualify for this credit.
3. Did your client pay rent, for at least half of 2011, for property (including a mobile home that your client may have owned on rented land) in California, which was your clients' principal residence?
YES Go to the next question.
NO Stop here. Your client does not qualify for this credit.
4. Could your client be claimed as a dependent by a parent, foster parent, legal guardian or any other person in 2011?
NO Go to question 6.
YES Go to question 5.
5. For more than half the year, did your client live in the home of the person who can claim them as a dependent for 2011?
NO Go to question 6.
YES Stop here. Your client does not qualify for this credit.
6. Was the property your client rented exempt from property tax in 2011?
NO Go to question 8.
YES Stop here. Your client does not qualify for this credit.
7. Did your client claim the homeowner's property tax exemption anytime during 2011?
NO Go to the next question.
YES Stop here. Your client does not qualify for this credit.
8. Was your client single in 2011?
YES Go to question 11.
NO Go to question 9.
9. Did your clients' spouse/RDP claim the homeowner's property tax exemption anytime during 2011?
NO Go to question 11.
YES Go to question 10.
10. Did your client and your clients' spouse/RDP maintain separate residences for the entire year in 2011?
YES Go to question 11.
NO Stop here. Your client does not qualify for this credit.
11. If your client is:
Single or married filing separately, enter \$60 on Form 540.
Married filing jointly, head of household, or qualifying widow(er), enter \$120 on Form 540.
12. Fill in the address(es) of the residence(s) your clients rented in California during 2011, which qualified them for this credit. Do not list post office boxes.

Street Address:	City, State and ZIP Code:	Dates Rented in 2011 (from _____ to _____)

13. List the names, address(es), and telephone number(s) of your clients' landlord or the person to whom your client paid rent for the residence(s) listed above.

Name	Address	Phone Number



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Excess SDI or VPDI Withheld

Your clients may claim a credit for excess California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) if they meet all of the conditions below:

- A client had **two or more** employers during 2011.
- The client received more than \$93,316 in combined wages during 2011 from more than one employer.
- The amount of SDI or VPDI withholding appears on the Forms W-2.

A client with one employer and SDI withholding that exceeds the maximum withholding amount of \$1,119.79, or withholding that exceeds 1.2 percent of your client's gross wages, cannot take the credit. Your client's employer refunds the difference.

Use the "Excess SDI or VPDI Worksheet" below to figure your client's credit.

Excess California SDI or VPDI Withheld

1. Add amounts of SDI (or VPDI) withheld on your clients' Form W-2.

Enter the total here.

1. _____

2. 2011 SDI (or VPDI) limit.

2. \$1,119.79

3. Subtract Line 2 from Line 1. This is your clients' excess SDI (or VPDI) withheld.

Enter the result here, and on Form 540.

3. _____

For married/RDP clients filing a joint tax return, compute the credit separately for each spouse/RDP, add the two credits together and enter the combined credit on Form 540.

Important Note: Employers often enter SDI in Box 14 on Form W-2. Taxwise software will not calculate the federal SDI Schedule A deduction if SDI is entered in Box 14 of Form W-2.



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Child and Dependent Care Expense Credit Form 3506

Important Note: For 2011 the Child and Dependent Care Expense credit is **nonrefundable**. Prior to the 2011 tax year, the Child and Dependent Care Expense Credit was a refundable credit on Form 540. Nonrefundable means that your client uses the credit only to reduce the amount of state tax owed on the 2011 California tax return.

If your client paid someone to care for their child or other qualifying person in order to work or look for work in 2011, they may be eligible for the child and dependent care expense credit. They must earn income in 2011 to claim the credit. If they qualify for the credit, use FTB Form 3506, *Child and Dependent Care Expenses Credit*, to figure the credit amount.

Your client does not have to take the federal Child and Dependent Care Expense Credit to claim the California credit.

Differences in California and Federal law

- California allows this credit only for care provided in California.
- Federal adjusted gross income of \$100,000 or less to qualify for the California credit.
- Never married parents, who have lived apart at all times during the last six months of the year, may be treated differently for the California credit.
- The California credit is a percentage of the federal credit as modified by California law.
- An RDP may file a joint tax return and claim this credit.

Qualifications

Check with your client to see if **all eight** of the following rules apply:

1. Married/RDP clients must file a joint tax return. For exceptions, see the "Married clients filing separate returns" section on the next page.
2. All care provided in California for one or more qualifying persons. A qualifying person is:
 - Any child age 12 or under for whom your client claims the dependent exemption credit. Children turning 13 during the year qualify for the part of the year they were 12.



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- Your client's spouse/RDP was physically or mentally incapable of self-care.
 - Your client's dependent was physically or mentally incapable of self-care. Your client must claim the dependent exemption credit for this person.
 - Any disabled person unable to care for themselves whom you could claim as a dependent; however, you (or your spouse/RDP filing a joint tax return) could be claimed as a dependent on someone else's 2011 tax return.
3. The care was provided so your client or their spouse/RDP could work or look for work during 2011. However, if they did not find a job and have no earned income for the year, they cannot take the credit. If your client's spouse/RDP was a student or disabled, see the instructions for Form 3506, line 5.
 4. You and your spouse/RDP must have earned income during the year.
 5. Your client and the qualifying person(s) must have lived in the same home for more than half the year.
 6. The person providing the care is not the spouse/RDP, the parent of the qualifying child, or a person for whom your client can claim a dependent exemption. If a client's child provides the care, the child must have been 19 or older by the end of 2011.
 7. Reported provider and qualifying child information.
 8. Your client's federal adjusted gross income must be \$100,000 or less.

Important Note: Nonresident rules are not covered in this manual. If your client was a part year or nonresident of California, see the Form FTB 3506, *Child and Dependent Care Expense Credit* instructions.

Married/RDP Clients Filing Separate Returns

If your client is married and files a separate return, and they meet the three requirements below, plus **all** the other qualifications listed previously, they may take the credit:

- They lived apart from their spouse/RDP during the last 6 months of 2011.
- The qualifying person lived in their home more than half of 2011.
- They provided over half the cost of keeping up the home.



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Divorced, Separated, or Never Married Parents

If your client is divorced, separated, or never married, special rules apply for determining if their child is their qualifying person. A child can only be the qualifying person of one parent when the parents are filing separate returns. Even if both parents pay for childcare for the same child, both parents cannot qualify for the credit. Some custody agreements designate which parent is entitled to the credit; however, the designated parent must still meet **all** of the previous qualifications.

Custodial Parent

Your client is considered the custodial parent if they had physical custody of their child longer than the other parent during the calendar year. On days where custody is shared, the parent having custody of the child for more than 12 hours is considered to have custody for that day. If your client and other parent have physical custody for the same number of days, then neither your client nor the other parent is the custodial parent.

For more information on divorced, separated, never married or custodial parents, see the instructions for Form FTB 3506.

Part I

Unearned Income and Other Funds Received in 2011

List the source and amount of any money your client received in 2011, not included in earned income (listed on lines 4 and 5, Form FTB 3506), but used to support their household. Include:

- Child support
- Property settlements
- Public assistance benefits
- Court awards
- Inheritances
- Insurance proceeds
- Pensions and annuities
- Social Security payments
- Workers compensation
- Unemployment compensation
- Interest
- Dividends

Part II

Persons or Organizations Who Provided the Care

Complete columns (a) through columns (g) for each person or organization that provides dependent care. Use federal Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in the instructions for Form W-10 to get the necessary information from the care provider. If the provider does not give your client the information, complete as much of the information as



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possible and explain that the provider did not give the information requested. If the correct or complete information is not given, your client's credit may be disallowed unless they can show they used due diligence trying to get the required information.

Line 1, column (a) and (b)

Enter the care provider's name and address. Also check if the provider is a person or an organization.

If your client was covered by their employer's dependent care plan and the employer furnished the care (either at their workplace or by hiring a care provider), enter the employer's name in column (a). Next, enter "See W-2" in column (b). Then enter the employer's telephone number in column (c). Complete all columns 1(a) through 1(f). Leave column (g) blank. But, if the employer paid a third party (not hired by the employer) on your clients' behalf to provide care, you must provide information on their third party on line 1, column (a) through column (g).

Line 1, column (c)

Enter the telephone number of the care provider, including area code. FTB may call to verify the provider information.

TaxWise Tip: The care provider's phone number is a "required" field on the Form FTB 3506. Failure to provide the phone number causes e-file reject for the state tax return.

Line 1, column (d)

Check the box indicating whether the care provider is a person or organization.

Line 1, column (e)

If the care provider is an individual, enter his/her social security number. Otherwise, enter the provider's employer identification number. If the provider is a tax-exempt organization, enter "Tax-Exempt" in column (c).

Line 1, column (f)

Enter the address where the care was provided. **Only care provided in California qualifies for the credit.**

Line 1, column (g)

Enter the total amount your client actually paid in 2011 to the care provider. Also include amounts the employer paid to a third party on their behalf. It doesn't matter when the expenses were incurred. Do not reduce this amount by any reimbursement they received.

Inform the client that FTB may ask for proof of payments made at a later date. Cash payments without verifiable documentation may not be accepted.



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Part III

Credit for Child and Dependent Care Expenses

Line 2

Information about your qualifying person(s)

Complete column (a) through column (e) for each qualifying person. If your client has more than three qualifying persons, attach a statement to the return with the required information and write, "see attached." Be sure to put your clients' name and social security number on the statement.

Line 2, column (a)

Enter each qualifying person(s) name.

Line 2, column (b)

Enter the qualifying person's SSN unless he or she was born and died in 2011. Be sure the name and SSN entered agree with the person's social security card.

If the person was born and died in 2011, and did not have an SSN, enter "Deceased" in column (b) and attach a copy of the person's birth and death certificates.

Line 2, column (c)

Enter the qualifying person's date of birth. If the qualifying person is disabled, check the "Yes" box.

Line 2, column (d)

If your client shared custody of the qualifying person(s), enter the percentage of time they had physical custody. Physical custody must be greater than 50 percent to qualify for the credit.

Line 2, column (e)

Enter the qualified expenses your client incurred and paid in 2011 for the person listed in column (a). Do not include in column (e) qualified expenses your client:

- Incurred in 2011, but did not pay until 2012.
- Incurred in 2010, but did not pay until 2011. Instead, see line 11, Credit for Prior Year's Expenses.
- Prepaid in 2011 for care to be provided in 2012. These expenses may only be used to figure the 2012 credit.

Line 3 Add

Add the amounts in column (e) and enter on line 3. Do not enter more than \$3,000

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for one qualifying person or \$6,000 for two or more qualifying persons.

Line 4 Earned Income

Earned income includes wages, salaries, tips, other employee compensation, net earnings from self-employment, strike benefits, and disability payments your client reported as wages. Earned income does not include pensions and annuities, social security payments, worker's compensation, interest, dividends, public assistance, capital gains, or unemployment compensation.

Line 5 Spouse/RDP Who is a Student or Disabled

Your client's spouse/RDP can be considered a student if he/she was enrolled as a full-time student at a school during any five months of 2011. A school does not include a night school or correspondence school.

Your client's spouse/RDP is considered disabled if he or she was not capable of self-care.

Figure your client's spouse/RDP income on a monthly basis. For each month or part of a month your client's spouse/RDP was a student or was disabled, he/she is considered to have worked and earned income. His/her income for each month is considered to be at least \$250 (\$500 if two or more qualifying persons). If your client's spouse/RDP also worked during that month, use the higher of \$250/\$500 or their actual earned income for that month.

If, in the same month, both your client and their spouse/RDP were either students or disabled, only one of them can be treated as having earned income in that month. For any month that their spouse/RDP was not a student or disabled, use your clients' spouse/RDP actual earned income if he/she worked during that month.

Line 7 Federal Adjusted Gross Income

Determine your client's federal adjusted gross income from Form 540, line 13. Then use the chart below to determine the decimal to use on line 7.

Federal AGI is Over	But Not Over	Decimal for Line 7
\$0	15,000	.35
15,000	17,000	.34
17,000	19,000	.33
19,000	21,000	.32
21,000	23,000	.31
23,000	25,000	.30
25,000	27,000	.29
27,000	29,000	.28
29,000	31,000	.27
31,000	33,000	.26
33,000	35,000	.25
35,000	37,000	.24
37,000	39,000	.23
41,000	43,000	.21
43,000	No Limit	.20



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – General Information

Line 9 California Credit Percentage

Use the chart below to determine the California percentage.

<u>If the amount from Form 540, line 13 is:</u>	<u>Enter on Line 9, FTB 3506:</u>
\$40,000 or less	.50
\$40,000 but not over \$70,000	.43
\$70,000 but not over \$100,000	.34
Over \$100,000 does not qualify	

Line 11 Prior Year Expenses

If your client had qualified expenses for care that was provided in 2010 that they did not pay until 2011, they may be able to increase the amount of credit they can take in 2011. You will need a copy of the 2010 tax return to complete this line.

Line 12 Add

Add line 10 and line 11. Enter this result on Form 540, line 78.

Part IV

Dependent Care Benefits

Line 13 – Line 27

Part IV is to be completed only if your client received dependent care benefits from an employer. See FTB 3506 instructions for detailed information.

Credit for 2010 Expenses Paid in 2011

You will need the instructions for the 2010 FTB 3506 if your client feels he/she qualifies for 2010 expenses paid in 2011.

Contributions on the California Tax Return

Some clients make charitable contributions to charitable funds listed on the back of Form 540. For a list of the funds and a description of each, see the Contribution section in this manual. The contribution reduces any refund due. The contribution also increases the balance due, if there is tax owed on the tax return.

Contributions must be \$1 or more, in whole dollar amounts. Your client cannot change the contribution amount after FTB accepts an e-file or paper tax return.

Refund or No Amount Due

If your client made Form 540 contributions, the amount of the refund is the amount of overpaid tax available this year minus the amount of the contributions.

If your client made no Form 540 charitable contributions, then the amount of their refund is the same as the amount of the overpaid tax available this year.

Refunds automatically issue for \$1 or more. For refunds less than \$1, attach a written request to Form 540.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – General Information

Send refund or No Amount Due tax returns to:

**STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO, CA 94240-0002**

Amount You Owe

If your client made contributions the amount of the payments are the amount of tax due plus the amount of contributions.

If your client did not contribute, enter the amount from the Tax Due line on the Amount You Owe line. Have your client attach a check or money order for this amount.

Make the check or money order payable to “Franchise Tax Board” for the full amount shown on the Amount You Owe line. Have your client write their social security number, the tax year, and the form number on their check or money order.

Example: Joan Smith would include 555-55-5555 (her social security number) and a 2011 Form 540 (the tax year and the form number of the tax return she is filing).

Have the client attach the check or money order to their tax return and mail the tax return to:

**STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO, CA 94267-0001**

Direct Deposit

If your client expects a refund, encourage direct deposit. Provide the bank routing number, the bank account number, and the type of account in the boxes provided on the form. If the client chooses, split refunds between two different bank accounts.

It's fast, safe, and convenient for clients to use direct deposit. The illustration on the next page shows the bank numbers to transfer to the third page of Form 540.

Please put the direct deposit information in the specified section of the forms.

Important Note: As long as depositing into the same account, the software allows a check box for the state refund and uses the bank account information from the federal tax return to direct deposit the state refund.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – General Information

Do not use a deposit slip to find the bank numbers. Deposit slips sometimes have different numbers. Contact your client's financial institution for assistance in getting correct routing numbers. Also, do **not** attach a copy of a voided check.

John Doe Mary Doe 1234 Main Street Anytown, CA 99999	123 15 000000 00	
PAY TO THE ORDER OF \$		
<hr/>		
Anytown Bank Anytown, CA 99999		
234873992	00000982937	123

Routing Number Account Number Check Number

Can Clients Pay FTB Online?

Yes. Go to **ftb.ca.gov** and search **Payment Options**. Choose **Web Pay**. Follow the easy directions, including how to obtain a customer service number (CSN), and enjoy the convenience of deciding which date and what dollar amount to debit directly from your bank account. Payments may be scheduled up to a year in advance.

Western Union

FTB accepts Western Union payments. Western Union charges a fee for the service.

Credit Card Payments

Now pay by credit card. The client can use a Discover/Novus, MasterCard, VISA, or American Express card to pay personal income tax. Pay the balance due for this year (2011), estimated taxes for 2012, extension payments, or amounts owed for prior years.

There is a convenience fee charged for this service. Pay the fee directly to the "Official Payments Corp." for the automated service. The client's tax payment determines the amount of the fee.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – General Information

Rate

2.5% of tax amount charged (round to nearest cent). Minimum fee: \$1. Example:
Tax Payment = \$754, 2.5% Fee = \$18.85.

When will my client's payment be posted?

Payment is effective on the transaction date charged.

What happens if my client changes their mind?

If your client pays their tax liability by credit card and later reverse the credit card transaction, they may be subject to penalties, interest, and other fees imposed by Franchise Tax Board for nonpayment or late payment of their tax liability.

How does my client use their credit card to pay their tax due?

Have the Discover/Novus, MasterCard, VISA, or American Express card and the following information ready:

- Credit card number
- Expiration date
- Amount to be paid
- Spouse/RDP's SSN
- First 4 letters of your clients' and their spouse/RDP last name
- Tax year
- Home phone number
- ZIP code for the address where your clients' monthly credit card bill is sent
- **FTB Jurisdiction Code: 1555**

Use a touch tone telephone to call **800.2PAY.TAX or 800.272.9829** and follow the recorded instructions. Official Payments Corp. will tell your client the convenience fee before they complete the transaction. Or, go to the Official Payments website at **officialpayments.com**.

Signing the Tax Return

Your client must sign and date the return. If your client files a joint return, each spouse/RDP must sign. By signing, your client declares under penalty of perjury that their return is correct and complete to the best of their knowledge.

Important Note: Practitioner PIN should be used for e-filed tax returns. Your client and spouse/RDP must sign and date a California Form 8879. Give the signed Form 8879 to the taxpayer to keep with their tax return records.

If your client files a joint return and their spouse/RDP died during 2011, write "Surviving Spouse/RDP" next to the client's signature.

Be sure to enter your site identification number (SIDN) and initials in the space below "Paid Preparer's SSN/FEIN."



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – General Information

Quality Review Checklist

Double-check that names and social security numbers are complete and in the correct order.

Quality Review all returns per IRS and FTB policy.

Make sure Quality Review Sheet is complete.

Double-check the amount of California withholding on Forms W-2 and 1099.

Double-check all Schedule A itemized deductions on Form CA (540).

Check your math and income statements. Double check each information line on the tax return.

Make sure the client signs and dates the tax return.

Enter site information number (SIDN) on every tax return.

Run diagnostics on every computer-generated tax return.

2011 California Volunteer Reference Manual

Form 540 Section



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Before You Begin the Form 540

Complete your client's federal tax return before completing Form 540. Important information from the federal tax return carries over to the California tax return.

Taxwise generates all California tax returns on Form 540 unless manually changed by the user.

Form 540 is required if your clients:

- Claim any additional credits in the Tax and Credits section.
- Have California Lottery winnings.
- Differences between federal and state wages on Form W-2.
- Interest on state and municipal bonds from a state other than California.
- Claimed educator expense, student loan interest deduction, or tuition and fees deduction.
- Complete a federal Schedule C or CEZ for 1099-MISC income, or a federal Schedule D for Sale of Stock or Personal Residence.

Name, Address, and Social Security Number

The instructions for name and address are all the same for all Forms 540 2EZ, 540A, and 540. Refer to the General Information section for specific instructions.

Filing Status

Fill in only one of the circles on lines 1 through 5. Be sure to enter the required information if you filled in the circle on line 3 or 5. For additional information about filing status, refer to the General Information section.

Filing status must be the same for federal and state. Exceptions to this rule are generally out of scope of the volunteer program.

Line 6

Can Be Claimed as a Dependent

If your client or their spouse/RDP can be claimed as a dependent on someone else's tax return, fill in the circle on Line 6. For additional information about clients who can be claimed as dependents, refer to federal tax law training. Federal and state tax law conforms on this line.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Line 7

Personal Exemption

Enter the number of personal exemptions claimed on the tax return. Filing status 1, 3, or 4 allows one personal exemption. Filing status 2 or 5 allows two personal exemption credits. TaxWise software automatically enters personal exemptions for you.

Line 8

Blind Exemption

For information about the blind exemption credit refer to the General Information section. Taxwise software requires completion of the Main Information Sheet for Blind Exemption credit flow through.

Line 9

Senior Exemption

For more information about the senior exemption refer to the General Information section. Taxwise software automatically enters the Senior Exemption based on birth date information provided on the Main Information Sheet or during the software based interview.

Line 10

Dependent Exemption

Allow an exemption credit for each dependent. For additional information regarding dependent exemptions, refer to the General Information section. Federal and state tax law conforms regarding dependent exemptions.

Line 11

Exemption Amount

Add line 7 through line 10 amounts. Transfer this amount to the Exemption Credit line in the Tax and Credits section of the form. TaxWise software completes this step automatically.

Line 12

State Wages

Add up the amounts of state wages, tips, etc. from Box 16 on each of your clients' Forms W-2 and enter the total on line 12. TaxWise software completes this step from information entered on the W-2.

Line 13

Federal Adjusted Gross Income

State tax calculations begin with the federal adjusted gross income. Enter the federal adjusted gross income from the Form 1040. Taxwise automatically enters this information.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Line 14 and 16

California Adjustments

Certain types of income are nontaxable in California, but taxable on your client's federal tax return. Frequently, the difference is between the taxable amount of federal and California IRA distribution, pension, and annuity income. Other income types, social security and unemployment, are taxed by federal but not by California.

If there are differences between your client's federal taxable income and state taxable income, complete a Schedule CA (540). TaxWise software will automatically generate a Schedule CA (540), although the flow through of information depends on information entered on income statements, worksheets, and the main information sheet.

Enter income taxable to federal, but not to the state. Enter the amount from Schedule CA (540), column B, line 37 to Form 540, line 14.

Enter income taxable to the state, but not to federal. Enter the amount from Schedule CA (540), column C, line 37 to Form 540, line 16.

After populating the Schedule CA (540), TaxWise software requires the preparer to review the form and mark a check box stating that the form is correct. For more detailed information on California adjustments refer to the General Information Section, the Schedule CA (540) detail later in this chapter, and FTB Publication 1001, *Supplemental Guidelines to California Adjustments*.

The most common California adjustments are:

- Any state income tax refund.
- Unemployment compensation.
- Federally taxable U.S. social security or railroad retirement.
- California nontaxable interest or dividend income.
- California IRA distributions resulting from an increased California basis.
- Non-taxable pensions and annuities.
- California Lottery winnings.
- Tuition and fees deduction.
- Educator expense.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

TAXABLE YEAR

SCHEDULE

2011 California Adjustments — Residents

CA (540)**Important:** Attach this schedule behind Form 540, Side 3 as a supporting California schedule.

Name(s) as shown on tax return

SSN or ITIN

Part I Income Adjustment Schedule**Section A – Income****A** Federal Amounts
(taxable amounts from
your federal tax return)**B** Subtractions
See instructions**C** Additions
See instructions

7	Wages, salaries, tips, etc. See instructions before making an entry in column B or C	7			
8	Taxable interest (b)	8(a)			
9	Ordinary dividends. See instructions. (b)	9(a)			
10	Taxable refunds, credits, offsets of state and local income taxes	10			
11	Alimony received	11			
12	Business income or (loss)	12			
13	Capital gain or (loss). See instructions	13			
14	Other gains or (losses)	14			
15	IRA distributions. See instructions. (a)	15(b)			
16	Pensions and annuities. See instructions. (a)	16(b)			
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17			
18	Farm income or (loss)	18			
19	Unemployment compensation	19			
20	Social security benefits (a)	20(b)			
21	Other income.				
	a California lottery winnings	e NOL from FTB 3805D, 3805Z,	a		
	b Disaster loss carryover from FTB 3805V	3806, 3807, or 3809	b		
	c Federal NOL (Form 1040, line 21)	f Other (describe):	c		
	d NOL carryover from FTB 3805V		d		
			e		
			f		
22	Total. Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B.	22			

Section B – Adjustments to Income

23	Educator expenses	23			
24	Certain business expenses of reservists, performing artists, and fee-basis government officials	24			
25	Health savings account deduction	25			
26	Moving expenses	26			
27	Deductible part of self-employment tax	27			
28	Self-employed SEP, SIMPLE, and qualified plans	28			
29	Self-employed health insurance deduction	29			
30	Penalty on early withdrawal of savings	30			
31a	Alimony paid. (b) Recipient's: SSN _____				
	Last name _____	31a			
32	IRA deduction	32			
33	Student loan interest deduction	33			
34	Tuition and fees	34			
35	Domestic production activities deduction	35			
36	Add line 23 through line 31a and line 32 through line 35 in columns A, B, and C. See instructions	36			
37	Total. Subtract line 36 from line 22 in columns A, B, and C. See instructions	37			



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Part II Adjustments to Federal Itemized Deductions

38	Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 15, 19, 20, 27, and 28	38	_____		
39	Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance, and state and local income tax, or General Sales Tax), and line 8 (foreign income taxes only). See instructions.	39	_____		
40	Subtract line 39 from line 38	40	_____		
41	Other adjustments including California lottery losses. See instructions. Specify _____	41	_____		
42	Combine line 40 and line 41	42	_____		
43	Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?				
	Single or married/RDP filing separately	\$166,565			
	Head of household	\$249,852			
	Married/RDP filing jointly or qualifying widow(er)	\$333,134			
	No. Transfer the amount on line 42 to line 43. _____				
	Yes. Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 43				
43			43	<input type="text"/>	
44	Enter the larger of the amount on line 43 or your standard deduction listed below				
	Single or married/RDP filing separately	\$3,769			
	Married/RDP filing jointly, head of household, or qualifying widow(er)	\$7,538			
	Transfer the amount on line 44 to Form 540, line 18			44	<input type="text"/>



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

The purpose of this form is to make adjustments to your client's federal adjusted gross income for differences between federal and California income or deductions.

Differences between California and Federal law for 2011:

California law does not conform to federal law for:

- The deduction allowed and interest earned on Health Savings Accounts (HSA). HSA contributions may not be deducted and any interest earned on the account is taxable to California.
- Mortgage Forgiveness Debt Relief Law amounts of indebtedness and debt relief. Indebtedness limit is \$800,000 all except \$400,000 MFS. California limits debt relief to \$500,000 MFJ/RDP, Single, HOH, and qualifying widow(er), and \$250,000 MFS/RDP. A return reporting indebtedness and relief amounts in excess of the California limit is beyond the VITA scope.

California law does conform to federal law for:

- Child and Dependent Care Expenses Credit is non-refundable.
- Real estate property tax deduction. While California requires a parcel number in order to take the deduction, federal does not.

Column A

Enter in Column A, lines 7 through 21, the same amounts you entered on federal Form 1040, lines 7 through 21 (or your clients' federal Form 1040A, line 7 through 14b).

Columns B and C

Line 7

Wages, Salaries, Tips, Etc.

Generally, you will not make any adjustments on this line unless your clients received any of the types of income listed below:

- Ride sharing benefits.
- Sick pay received under the Federal Insurance Contributions and Railroad Retirement Acts.
- California Qualified Stock Options (CQSO).
- Employer provided RDP and RDP's dependent health and accident insurance and medical expense reimbursements.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

If your client received any income from the sources listed above, figure the difference between the taxable amount reported on this line in column A and the taxable amount using California law. Enter the result on line 7, column B.

If your client received any income exempted by U.S. tax treaties (unless specifically exempt for state purposes also) or employer provided HSA contributions and excluded the amount on their federal tax return, enter the excluded amount on line 7, column C. Find employer HSA contribution amounts on the W-2, box 12, code W. State exempt tax treaty income is substantiated by a copy of the treaty obtained by the taxpayer from their embassy.

Line 8

Taxable Interest Income

Enter on line 8, **column B**, interest from column A that your client received from the following:

- United States savings bonds.
- United States Treasury Bills.
- Any other bonds or obligations of the U.S. and its territories.
- Interest income from children reported on the parent's tax return.

See FTB Pub 1001, *Supplemental Guidelines to California Adjustments*, for detailed information.

Enter on line 8, **column C**, interest identified as tax exempt interest on Form 1040, line 8b (or Form 1040A, line 8b), and from the following sources:

- Non-California state bonds.
- District of Columbia obligations issued after December 27, 1973.
- Non-California municipal bonds issued by a county, city, town, or other local government unit.
- Interest from a health savings account.

Line 9

Ordinary Dividends

Generally, make no adjustment on this line. However, certain mutual funds qualify to pay "exempt interest dividends" if at least 50 percent of their assets consist of tax-exempt government obligations. **Find the tax-exempt part of the dividend on your client's annual statement.**



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

For California tax purposes, a mutual fund may qualify to pay tax-exempt interest dividends if, at the end of each quarter, at least 50% of the funds' assets are invested in federal or **California** state or local obligations. The federal and California obligations may be combined to meet the 50% test. Individual shareholders do **not** include tax-exempt interest dividends in income.

Important Note: Interest dividends from agency bonds such as **FNMA** (Fannie Mae) and **GNMA** (Ginny Mae) are **not** considered federal obligations, and are not tax-exempt. Only federal obligations that would be exempt from California taxation if held by the individual taxpayer qualify for tax-exempt treatment.

The amount designated by the mutual fund as an exempt interest dividend may contain items that are not exempt from California tax (e.g. non-California state obligations or non-deductible interest expenses). In this case, only a percentage of the dividend will be exempt for California purposes.

If the California exempt-interest amount is more than the federal exempt-interest amount, enter the difference on line 9, **column B**.

HSA dividends line 9, **column C**.

Line 10 **State Tax Refund**

California does not tax state income tax refunds. Enter in column B the amount of any state tax refund also entered in column A.

Line 11 **Alimony Received**

Only a nonresident alien who received alimony not included in their federal income would make an entry on this line in **column C**. Otherwise, make no adjustment.

Line 12 **Business Income or Loss**

Business income or loss adjustment is beyond the scope of the VITA/TCE volunteer program. Make no entry in **column B or C**.

Line 13 **Capital Gain or Loss**

Generally, there is no difference between the amount of capital gain or loss in column A and the amount to report using California law. California taxes long and short term capital gains as regular income. Get FTB Pub 1001, *Supplemental Guidelines for California Adjustments*, for more information.

Important Note: Capital loss carryovers require TaxWise software adjustments on the California Schedule D. Otherwise, all information flows automatically from the federal to the California tax return.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Use Schedule D, *California Gain or Loss Adjustment*, if there are differences from any of the following. Basis amounts resulting from differences between California and federal law in prior years. Gain or loss from stock and bond transactions, installment sale gain from FTB 3805E, *Installment Sale Income*, gain on sale of personal residence claiming depreciation in a prior year, and capital loss carryover. If your client thinks there is an adjustment to their federal capital gain or loss amount, refer them to the Franchise Tax Board's toll-free public assistance number, 800.852.5711.

Line 14

Other Gains and Losses

This is beyond the scope of the VITA/TCE volunteer program.

Line 15

Total IRA Distributions

Generally, make no adjustments on this line. However, there may be significant differences in the taxable amount of a distribution depending on when your client made their contributions to the IRA. Restate the IRA basis for individuals who in prior years contributed to an IRA as nonresidents (see FTB Pub 1100). For additional information on Individual Retirement Accounts, including 2010 Roth IRA conversions, refer to the General Information section and FTB Pub 1005, *Pension and Annuity Guidelines*.

Line 16

Total Pensions and Annuities

California and federal law generally treat pension and annuity income the same. However, if your client receives tier 2 railroad retirement benefits or partially taxable distributions from a pension, you may need to make an adjustment.

If your client receives Form RRB-1099-R and included some or all of these benefits in federal adjusted gross income, enter the taxable benefit amount in **column B**.

If your client began receiving a retirement annuity between July 1, 1986 and January 1, 1987, and elected to use the three year rule for California purposes and the annuity rules for federal purposes, enter in **column C** the amount of the annuity payments you excluded for federal purposes.

Enter additional tax on an early distribution from an IRA or pension plan on Form 540, line 63.

Important Note: TaxWise software will automatically generate the additional tax on line 63 based on information entered from the 1099-R.

Line 17

Rental Real Estate, Royalties, Partnerships, S Corporations and Trusts

This is beyond the scope of the VITA/TCE program. The exception is Royalty income reported on a K-1. Royalty income reported on a 1099-MISC is out of scope. When



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

the federal Schedule E and K-1 are complete, TaxWise software automatically flows royalty information from the federal to the state tax return.

Line 18

Farm Income or Loss

This is beyond the scope of the VITA/TCE program.

Line 19

Unemployment Compensation

California does not tax unemployment compensation or paid family medical leave. Enter the amount of unemployment compensation from line 19, column A on line 19, column B.

Line 20

Social Security Benefits

Enter in column B the amount of social security benefits or equivalent tier 1 railroad retirement benefits shown in column A. Column A only includes the federal taxable amount. These amounts can be found on Form 1040, line 20b.

Line 21

Other Income

Line a – California Lottery Winnings

California does not tax California lottery winnings. Enter the amount of California lottery winnings included in the amount on line 21, column A on line 21, column B.

Important Note: Do not make adjustments for lottery winnings from other states. These winnings are taxable to California.

Make sure to check the box on the TaxWise W2G to exclude California Lottery winnings from the California tax return. This causes TaxWise to automatically deduct the income on Schedule CA (540), line 21a.

Lines b through e Disaster loss carryover and net operating loss (NOL)

These adjustments are beyond the scope of the VITA/TCE volunteer program.

Line f Other

Include on line f, column B, income that you included in your clients' federal income on Form 1040 from:

- Beverage container recycling.
- Rebates from local water agencies, energy agencies, or energy suppliers.
- Reward from a crime hotline.
- Compensation for false imprisonment.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

- Cost-share payments received by forest landowners.
- Grants paid to low income individuals to retrofit or construct buildings.
- Health Savings Account distributions for unqualified medical expenses.
- Death benefits received from the State of California by a surviving spouse/RDP or beneficiary of certain military personnel killed in the performance of duty. Military personnel includes the California National Guard, State Military Reserve, or the Naval Militia.

Line f Other Con't.

Include on line f, column C, income that you excluded from your clients' federal income on Form 1040:

- Federal foreign earned income or housing exclusion.
- Foreign income exempted by U.S. Tax Treaties.
- Mortgage Forgiveness Debt Relief in excess of California limits.

Line 22

Total Income

Add lines 7 through 21f in column B and column C. Enter the totals on line 22.

Part I Section B

Use this section of the Schedule CA (540) for adjustments to entries made on Form 1040, lines 23 through 35. If your clients have no adjustments to income on these lines on their Form 1040, skip to line 36.

Column A

Enter in column A, lines 23 through 35, the same amounts you entered on your clients' federal Form 1040, lines 23 through 35.

Columns B and C

Line 23 through Line 31

Below is a description of any adjustment necessary for columns B and C. California law is the same as federal unless otherwise noted.

Line 23

Educator Expense

Enter any column A amount in column B, line 23.



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Line 24

Certain Business Expenses of Reservists, Performing Artists, and Fee Basis Government Officials

Enter the amount from line 24, column A, to line 24, column B.

Line 25

Health Savings Account

Enter the amount from line 25, column A, to line 25, column B.

Line 26

Moving Expenses

No adjustment necessary.

Line 27

Self-Employment Tax

No adjustment necessary.

Line 28

Self-employed, SIMPLE, and Qualified Plans

No adjustment necessary.

Line 29

Self Employed Health Insurance Deduction

No adjustment necessary.

Line 30

Penalty on Early Withdrawal of Savings

No adjustment necessary.

Line 31

Alimony Paid

Enter the name and social security number of the individual to whom your client paid alimony.

Line 32

IRA Deduction

No adjustment necessary.

Line 33

Student Loan Interest Deduction

California conforms to federal law regarding student loan interest deduction. Taxwise software automatically calculates the California deduction amount correctly. There is an exception for military spouse/RDP.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Line 34

Tuition and Fees Deduction

California does not conform. Enter column A amount in column B on this line.

Line 35

Domestic Production Activities Deduction

This is beyond the scope of the VITA/TCE program.

Line 36

Add

Add line 23 through line 35 in column B and C.

Line 37

Total

Subtract line 35 from line 22 in column B and column C.

Important Note: Paper filers transfer any line 27, column B, negative numbers to Form 540, line 16, as a positive number. If line 37, column C is a negative number, transfer the amount to Form 540, line 14, as a positive number. Taxwise automatically transfers appropriate amounts from the Schedule CA (540) to Form 540.

Part II

Adjustments to Federal Itemized Deductions

Line 38

Enter itemized deductions from federal Schedule A, lines 4, 9, 15, 19, 20, 27, and 28.

Line 39

State and Local Income Taxes

Enter the state and local tax (SDI), or sales tax, from federal Schedule A, line 5, and only the part relating to foreign income taxes from line 8. If your client deducts general sales tax, enter the amount of sales tax on this line.

Line 40

Subtract

Subtract line 39 from line 38. Enter the result here.

Line 41

Other Adjustments

Enter the amount of California lottery losses from your client's federal Schedule A. Some of the adjustments below are additions and some are subtractions. Find other line 41 adjustments below:

- Adoption- related expenses.



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- Mortgage interest credit.
- Nontaxable income expenses.
- Employee business expenses.
- Investment interest expense.
- Federal estate tax.
- Generation skipping transfer tax
- HSA distributions.
- Interest on loans from utility companies.
- Private mortgage insurance (PMI).
- Qualified charitable contributions.

Find more information about the California itemized deduction adjustments listed in the 540 and 540A Personal Income Tax Booklet and FTB Pub 1001, *Supplemental Guidelines to California Adjustments*.

Line 42 Combine

Combine line 40 and line 41. This is the total amount of itemized deductions allowed on the state tax return. Compare this amount to the standard deduction allowed for your clients' filing status. Take the larger of adjusted itemized deductions or the standard deduction and enter that amount on Form 540, line 18.

If your client can be claimed as a dependent on someone else's tax return, complete the "California Standard Deduction Worksheet for Dependents" available in the Personal Income Tax Booklet and in the General Information section of this manual.

Taxwise software automatically calculates California itemized deductions based on information from the federal Schedule A. **It is still important to review TaxWise to make sure your client has access to all available deductions, and has made all necessary adjustments, on line 41 of the Schedule CA (540).**

Line 43 CA Itemized Deductions

Is the amount on Form 540, line 13, more than the amount shown below for your



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client's filing status? Income amounts in excess of amounts listed on Schedule CA (540), line 43, are outside the scope of the VITA program. If income is below this amount, transfer the amount of California itemized deductions from line 42 to line 43.

Single or married/RDP filing separately, \$166,565

Married filing jointly/RDP or qualifying widow(er), \$333,134

Head of household, \$249,852

Line 44

Larger of Standard Deduction or Itemized Deduction

Single or Married/RDP filing separately, \$3,769

Married/RDP filing jointly, head of household, or qualify widow(er), \$7,538

Enter the larger of the standard or itemized deductions on line 44 and transfer to Form 540, line 18.

Next, the software will calculate and paper filers turn their attention to:

Line 19 Taxable Income

Line 19 includes the California adjusted gross income minus the standard or itemized deduction amount. This is your client's taxable income.

Line 31

Tax

Determine your client's tax by using the tax table in your client's booklet or in the Tax Table section of this manual. For additional information about tax, refer to the General Information section.

Tax Rate Schedule

Taxpayers with taxable income, line 19, of \$100,000 or more must use the Tax Rate Schedule to compute the amount of tax due. The tax rate schedule is beyond the scope of the VITA/TCE volunteer program. TaxWise correctly figures taxable income in excess of \$100,000.

Line 32

Exemption Credits

Enter the amount from line 11.

Line 33

Subtract

Subtract line 32 from line 31 and enter the result on line 33. If the amount on line 33 is less than zero, enter zero.



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Line 34

Tax From Schedule G-1 and Form FTB 5870A

This is beyond the scope of the VITA/TCE volunteer program.

Line 35 & Line 36

Add

Add line 33 and line 34 and enter the result on line 35. Continue to Side 2, enter the amount from line 35 on line 36.

Line 40

Child and Dependent Care Expenses Credit

On or after January 1, 2011 this credit is nonrefundable. Enter the qualifying person's social security number. If the client has more than three qualifying persons, refer to the Form 3506 instructions for additional information. If paper filing, complete and attach FTB Form 3506 to your clients' Form 540. FTB Form 3506 also transmits through the e-file process. If your client received a refund for 2010, they may receive a federal Form 1099-G. The refund amount on Form 1099-G will not include any refundable Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholding or estimated tax payments. The credit is not taxable on the federal tax return.

Line 41 through line 45

Special Credit Section

A variety of additional credits are available to qualified clients to reduce their tax liability. To claim your clients' credits, figure the amount of the credit and enter the credit name, code number, and amount of the credit on line 43 through line 45. Consider the following question:

"Does your client claim any of the credits listed on the Credit Chart on Pages 21 and 22 of the Form 540/540A instruction booklet?"

No: Skip line 41 through line 45. Go to line 46.

Yes: Figure the amount of your client's credit or credits. Enter the total amount of credit and the credit code number on line 43 through line 45.

See below a list of the most common credits. For a list of all credit codes available, see the credit chart in the Form 540/540A instruction booklet or the chart following this section.

The 2010 New Home/First Time Buyer tax credit is available for taxpayers who purchase a qualified principal residence on or after May 1, 2010, and before January 1, 2011. Additionally, this tax credit is available for taxpayers who purchase a qualified principal residence on or after December 31, 2010, and before August 1, 2011, pursuant to an enforceable purchase agreement executed on or before December 31, 2010. The purchase date is defined as the date escrow closes. These tax credits are limited to the smaller amount of five percent of the purchase price or \$10,000 for a qualified principal residence. This tax credit is nonrefundable



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and there is no carryover provision. See FTB 3549-A, *Application for New Home/First-Time Buyer Credit*, instructions.

New Home Credit Code 219 and 221

A qualified principal residence, for purposes of the New Home Credit, must:

- Be a single family residence, either detached or attached.
- Have never been occupied.

Sellers must certify that the home has never been occupied in order for a taxpayer to receive an allocation of the credit.

- Be eligible for the California property tax homeowner's exemption.
- Occupied by the taxpayer as their principal place of residence for a minimum of 2 years immediately following the purchase.

First Time Buyer Credit Code 222

A qualified principal residence, for purposes of the First-Time Buyer Credit, must:

- Be a single-family residence whether detached or attached.
- Eligible for the California property tax homeowner's exemption.
- Occupied by the taxpayer as their principal residence for a minimum of 2 years immediately following the purchase.

A first-time buyer is defined as any individual (and the individual's spouse/RDP, if married), who did not have an ownership interest in a principal residence during the preceding three year period ending on the date of purchase of the qualified principal residence. If the buyer is married on the date of purchase and either the buyer or the buyer's spouse/RDP had an ownership interest in a principal residence during the preceding three year period, the buyer does not qualify for the First-Time Buyer Credit even if the spouse/RDP is not going to be on title.

Claiming the Tax Credit:

The taxpayer must have received a Certificate of Allocation from FTB to claim the tax credit on their California personal income tax return. The Certificate of Allocation states the maximum amount the taxpayer can claim listed by tax year. Special rules apply to married/RDP taxpayers filing separately, in which case each spouse/RDP is entitled to one-half of the tax credit, even if their ownership percentages are not equal. For two or more taxpayers who are not married/RDP, the tax credit amount will have already been allocated to each taxpayer occupying the residence on their respective tax credit allocation letter.



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If the available tax credit exceeds the current year net tax, the unused tax credit may **not** be carried over to the following tax year. The tax credit may not reduce regular tax below tentative minimum tax. The tax credit is **not** refundable. Any disallowance of the tax credit may not be protested or appealed.

Credit for Joint Custody Head of Household Code 170

Do not claim this credit if your client filed head of household, married filing jointly/RDP, or qualifying widow(er).

Claim a credit for joint custody head of household if your client was unmarried at the end of 2011, or if the client lived apart from their spouse/RDP for all of 2011 and file married filing separately. They furnish more than one-half of the household expenses for their home, which also served as the home of their child, stepchild, or grandchild for at least 146 days but not more than 219 days. If the child is married, your client must claim the dependent exemption for the child.

The custody arrangement for the child is part of a decree of dissolution, legal separation, or separate maintenance, or is a part of a written agreement between the parents in effect during the period between the petition and issuance of the final decree.

Use the worksheet below to compute the credit.

Credit for Joint Custody Head of Household Worksheet

- | | |
|---|-----------------------|
| 1. Enter the amount from Form 540, line 35. | 1. _____ |
| 2. Credit percentage. | 2. x .30 _____ |
| 3. Credit amount. Multiple line 1 by line 2.
Enter the result or \$390, whichever is less. | 3. _____ |

Credit for Dependent Parent Code 173

Do not claim this credit if your client claimed single, head of household, married filing jointly/RDP, or qualifying widow(er) filing status. Your client claims this credit if all of the following conditions apply:

- Married at the end of 2011 and use the married filing separately filing status.
- Their spouse/RDP did not live in the clients' household during the last six months of the year.



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- They furnished over one- half of the household for their dependent mother's or father's home (whether or not the parent lived in your clients' home).

To figure the Credit for Dependent Parent, use the Joint Custody Head of Household Worksheet above.

Credit for Senior Head of Household Code 163

Claim this credit if all of the following conditions apply:

- The client is 65 years of age or older on December 31, 2011.
- The client qualifies for the head of household filing status in 2009 or 2010 by providing a household for a qualifying individual who died during 2009 or 2010.
- California adjusted gross income is \$65,153 or less for 2011.

Important Note: If your clients' 65th birthday is January 1, 2012, consider them age 65 on December 31, 2011.

Use the worksheet below to compute the credit.

Credit for Senior Head of Household Worksheet

- | | |
|---|----------|
| 1. Enter the amount from Form 540, line 19. | 1. _____ |
| 2. Multiply line 1 by 2% (.02). Enter the result or \$1,196
whichever is less. | 2. _____ |

Credit for Child Adoption Costs Code 197

For the year of court filed adoption, your client claims a credit of 50 percent of the cost of adopting a child who is a citizen or legal resident of the United States, and a California public agency or a California political subdivision held custody of the child prior to the adoption. Qualifying costs include:

- Fees of the Department of Social Services or a licensed adoption agency.
- Medical expenses not reimbursed by insurance.
- Travel expenses for the adoptive family.

Use the following worksheet to compute the credit.



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Credit for Child Adoption Costs Worksheet

1. Enter the total qualifying costs. 1. _____
2. Multiply line 1 by 50% (.50). Enter the result or \$2,500, 2. _____
whichever is less. The maximum credit is \$2,500 per minor child. Your
clients may carry over the excess credit to future years until they use the
credit.

Below is a list of possible special credits. If your client potentially qualifies for any of these credits, have them call Franchise Tax Board's public assistance telephone number for more detail.

CODE NAME	CODE #	DESCRIPTION
Child Adoption	197	50% of qualified costs in the year an adoption is ordered.
FTB 3505, <i>Child and Dependent Care Expenses</i>	None	Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit.
Community Development Financial Institution Deposits – Certification Required	209	20% of each qualified deposit made to a community development institution. Obtain certification from California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall Ste 1600, Sacramento, CA 95814 Website: insurance.ca.gov
Dependent Parent	173	Must use married/RDP filing separately filing status and have a dependent parent.
FTB 3547, <i>Disabled Access for Eligible Small Business</i>	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250.
FTB 3547, <i>Donated Agricultural Products Transportation</i>	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations.
FTB 3501, <i>Employer Child Care Contribution</i>	190	Employer: 30% of contributions to a qualified plan.



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CODE NAME	CODE #	DESCRIPTION
FTB 3501, <i>Employer Child Care Program</i>	189	Employer: 30% of cost for establishing child care program or constructing a child care facility.
FTB 3546, <i>Enhanced Oil Recovery</i>	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California.
FTB 3553, <i>Enterprise Zone Employee</i>	169	5% of wages from work in an enterprise zone.
FTB 3805Z, <i>Enterprise Zone Hiring & Sales or Use Tax</i>	176	Business incentives for enterprise zone businesses.
FTB 3511, <i>Environmental Tax</i>	218	Five cents (\$.05) for each gallon of ultra low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in this state.
FTB Pub. 3549, <i>First-Time Buyer</i>	222	The lesser of 5% of the purchase price of a qualified principal residence or \$10,000. The credit is taken equally over three years.
Joint Custody Head of Household	170	30% of tax up to \$390 for taxpayers who are single or married/RDP filing separately, who have a child and meet the support test.
FTB 3807, <i>Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax</i>	198	Business incentives for LAMBRAs.
FTB 3521, <i>Low-Income Housing</i>	172	Similar to the federal credit but limited to low-income housing in California.
FTB 3808, <i>Manufacturing Enhancement Area (MEA) Hiring</i>	211	Percentage of qualified wages paid to qualified disadvantaged individuals.
FTB 3503, <i>Natural Heritage Preservation</i>	213	55% of the fair market value of any qualified contribution of property donated to the state, any local government, or any nonprofit organization designated by a local government.
FTB Pub. 3528, <i>New Home Credit (2009)</i>	219	The lesser of 5% of the purchase price of a qualified principal residence of \$10,000. The credit is taken equally over three years.
FTB Pub. 3549, <i>New Home Credit (2010)</i>	221	The lesser of 5% of the purchase price of a qualified principal residence of \$10,000. The credit is taken equally over three years.
FTB 3527, <i>New Jobs Credit</i>	220	\$3,000 allowed for a qualified employer for each increase in qualified full-time employees hired in the current tax year..



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CODE NAME	CODE #	DESCRIPTION
Nonrefundable Renter's	None	For California residents who paid rent for their principal residence for at least 6 months in 2010 and whose AGI does not exceed a certain limit.
Other State Tax Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California.
FTB 3510, <i>Prior Year Alternative Minimum Tax</i>	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2010.
FTB 3507, <i>Prison Inmate Labor</i>	162	10% of wages paid to prison inmates.
FTB 3523, <i>Research</i>	183	Similar to the federal credit but limited to costs for research activities in California.
Senior Head of Household	163	2% of taxable income up to \$1,196 for seniors who qualified for head of household in 2008 or 2009 and whose qualifying individual died during 2008 or 2009.
FTB 3809, <i>Targeted Tax Area (TTA) Hiring & Sales or Use Tax</i>	210	Business incentives for TTA business.

The following credits are no longer available. However, your clients may claim these credits if there are carryovers available from prior years.

CODE NAME & NUMBER	CODE NAME & NUMBER	CODE NAME & NUMBER	CODE NAME & NUMBER
Agricultural Products - 175	Employee Ridesharing - 194	Joint Strike Fighter Property Cost - 216	Political Contributions - 184
Commercial Solar Electric System - 196	Energy Conservation - 182	Los Angeles Revitalization Zone (LARZ) Hiring and Sales & Use Tax - 159	Recycling Equipment - 174
Commercial Solar Energy - 181	Farmworker Housing - 207	Low-emission vehicles - 160	Residential Rental and Farm Sales - 186
Employer Ridesharing Large Employer - 191 Small Employer - 192 Transit Passes - 193	Orphan Drug - 185	Manufacturers' Investment - 199	Rice Straw - 206
Employee Ridesharing - 194	Salmon & Steelhead Trout Habitat Restoration - 200	Solar Energy - 180	Ridesharing - 171



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CODE NAME & NUMBER	CODE NAME & NUMBER	CODE NAME & NUMBER	CODE NAME & NUMBER
Solar Pump – 179	Solar or Wind Energy System - 217	Water Conservation – 178	Young Infant - 161

Line 46

Nonrefundable Renter's Credit

To determine if your client qualifies for the Nonrefundable Renter's Credit, refer to the General Information section.

Line 47

Total Credits

Add line 40 and line 42 through line 46. These are the total credits.

Line 48

Subtract

Subtract line 47 from line 36 and enter the result on line 48. If the amount on line 48 is zero or less, **enter 0**.

Lines 61 through 63

Other Taxes

TaxWise figures the amount of other taxes, line 63, correctly, provided the birth date and income statement are correct. TaxWise computes the amount of additional tax owed on an early distribution of a qualified retirement plan based on information from Form 1099-R. The computation of any other tax in this section is beyond the scope of the VITA/TCE volunteer program. If your client is subject to taxes beyond program scope, refer them to Franchise Tax Board.

Line 64

Total Tax

Add line 48, line 61, and line 63. This is the total tax.

Line 71

California Income Tax Withheld

Enter your clients' total California income tax withholding from box 17 on Forms W-2. If filing a joint tax return, be sure to include the amount withheld from the spouse's/RDP's wages.

For additional information about income tax withheld, refer to the General Information section or the 540/540A instruction booklet.



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Line 72

2011 California Estimated Tax and Other Payments

For information about estimate tax and other payments, refer to the General Information section. Clients make estimate payments using electronic funds withdrawal, Web Pay, check with a voucher, and credit card.

Line 73

Real Estate Withholding

Generally, real estate withholding is out of scope for the volunteer program. If your client has real estate tax withholding from the sale of California real estate, enter the total California tax withheld from Form 592-B, 593-B, or 594.

Line 74

Excess California SDI or VPD I Withheld

Claim excess California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) as a credit on the California tax return. For additional information about excess SDI or VPD I, refer to the General Information Section or the Form 540/540A instruction booklet.

Line 75

Total Payments

Add line 71, line 72, line 73, and line 74. Enter the total on line 75. This is your clients' total payment amount. TaxWise software calculates this step for you.

The next section discusses overpaid tax or tax due.

Line 91

Overpaid Tax

Is the amount on line 75 more than the amount on line 64?

No: Leave line 91 blank and go to line 93.

Yes: Subtract line 75 from line 64 and enter the amount on line 91. Your client overpaid by this amount.

Refund to your client, apply to the clients' 2012 estimate tax, or apply all or part as a charitable contribution.

Line 92

Amount applied to Your 2012 Estimated Tax

Enter the amount of line 91, if any, your client wants applied to 2010 estimated tax. The amount on line 92 must be at least \$5.00.

Line 93

Amount of Overpaid Tax Available This Year

If you enter an amount on line 92, subtract that amount from line 91 and enter the result on line 93.



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Line 94

Tax Due

Is the amount on line 75 less than the amount on line 64?

No: Go to line 91.

Yes: Your client owes more than the payments and credits. Subtract line 75 from line 64 and enter the result on line 94.

Advise your client that FTB assesses penalties for not paying enough tax during the year. FTB assesses the penalty if the tax due on line 94 is \$500 or more, and the state tax withholding amount on line 71 is less than 90 percent of the amount of the total tax on line 64.

If your clients owe a penalty, let Franchise Tax Board compute the penalty and send a bill. Override to zero any estimate penalty calculated by the software.

Line 95

Use Tax

Please refer to the General Information section or Form 540/540A instruction booklet for information regarding use tax. Use tax may be reported directly to the State Board of Equalization (BOE) or on the California personal income tax return. **New this year, the 540/540A booklet includes a worksheet used to figure use tax amounts based on California AGI.** Refer questions on the taxability of purchases to the State Board of Equalization website, boe.ca.gov, or call the BOE Taxpayer Information Section, 800.400.7115.

Line 110

Total Contributions

Your client may make contributions to any of the listed funds on Page 3 of Form 540. For a list of these funds, and a description of each, see the Contribution section of this manual or the Form 540/540A instruction booklet. The contribution amount reduces your clients' refund or, in the event of tax due, will increase the amount your client owes. Add all contribution lines. Enter the result on Line 110. This is your clients' total charitable contribution.

Line 111

Amount You Owe

Add the amount on line 94, line 95, and line 110, if any. Enter the amount on line 111. For additional information on tax due returns and payment information, refer to the General Information section.

Line 112

Interest and Penalties

It is beyond the scope of the VITA/TCE volunteer program to calculate interest, late filing, late payment, and underpayment of estimated tax penalties. Refer clients with possible penalties to FTB's public assistance telephone



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number, **800.852.5711**.

Line 113

Underpayment of Estimated Tax

This is beyond the scope of the VITA/TCE program. Refer those clients to Franchise Tax Board's public assistance number, **800.852.5711**. Delete any penalties assessed in TaxWise. Inform your client that Franchise Tax Board computes the penalty and sends a bill.

Line 114

Total Amount Due

TaxWise calculates this line. Transfer the amount from line 111 to line 114.

Line 115

Refund or No Amount Due

If the amount on line 95 or line 110 is zero, enter the amount from line 93 on line 115. This line states your clients' refund amount. For a refund of \$1 or less, attach a written statement requesting the refund for your client.

For additional information about Refund or No Tax Due returns or refund direct deposit information, refer to the General Information section.

Refund direct deposit is fast, safe, and convenient.

Sign Here

Signing the tax return is the same for all Forms (540 2EZ, 540A, and 540). For e-file returns, use TaxWise Form 8879. Give the client Form 8879 to keep with their records. Do not send Form 8879 to FTB.

Quality Review Checklist

Always quality review the tax return. For a quality review checklist and additional tasks to finish the tax return, refer to the General Information section.



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Form 540 Problem 1 Data Sheet

Form 1040 is included for the following clients. Below is information needed to complete the state tax return.

Client Information

Name:	Christopher Thomas – 000-00-0000
Birth Date:	10/18/1939
	Terrie Thomas – 000-00-0000
	07/04/1949
Address:	1234 Whaler Way Huntington Beach, CA 91234
Phone #:	805.111.1111
Filing Status:	Married Filing Jointly/RDP
Dependents:	None


Additional Information

1. The interest shown on line 8a of Form 1040 (\$500), issued on personal savings accounts, is a joint asset.
2. Christopher and Terrie are full year residents.
3. They itemize deductions for both federal and state. Schedule A is attached.
4. Christopher and Terrie owned a home.
5. Christopher carries over a \$3,000 capital loss from stock sold during 2010.
6. Terrie paid \$2,000 in tuition as a continuing education requirement for her teaching credential.
7. There is a federal married filing jointly tax return to assist you.
8. Christopher and Terrie received a 1099-C for cancellation of \$2,500 in credit card debt. They received a second 1099-C for cancellation of principle mortgage debt. There is no bankruptcy.



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Form 540, Problem 1 W-2 Information for Terrie Thomas

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only OMB No. 1545-0008				Visit the IRS website at www.irs.gov	
b Employer identification number 94-5678786			1 Wages, tips, other compensation 40,000.00		2 Federal income tax withheld 2,500.00			
c Employer's name, address, and ZIP code SCHOOL DISTRICT PO BOX 111 HUNTINGTON BEACH, CA 92648			3 Social security wages 45,000.00		4 Social security tax withheld 2,650.00			
			5 Medicare wages and tips 45,000.00		5 Medicare tax withheld 623.00			
			7 Social security tips		8 Allocated tips			
d Employee's social security number 000-00-0000			9 Advance EIC payment		10 Dependent care benefits			
e Employee's name (first, middle initial, last) TERRIE THOMAS 1234 WHALER WAY HUNTINGTON BEACH, CA 92648			11 Nonqualified plans		12 Benefits included in box 1			
			13 Statutory Employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
			14 Other CA SDI 495.00		12c			
					12d			
15 State CA	Employer's state I.D. no. 999999	16 State wages, tips, etc. 40,000.00	17 State income tax 400.00	18 Local wages, tips, etc.	19 Local income	20 Locality		

Form **W-2** Wage and Tax Statement **2011**
Copy 2 For State, City, or Local Tax Department

Department of the Treasury- Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions



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Form 1040		Department of the Treasury—Internal Revenue Service (99)		2011	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2011, or other tax year beginning , 2011, ending , 20						See separate instructions.
Your first name and initial CHRISTOPHER		Last name THOMAS		Your social security number 0 0 0 0 0 0 0 0		
If a joint return, spouse's first name and initial TERRIE		Last name THOMAS		Spouse's social security number 0 0 0 0 0 0 0 0		
Home address (number and street). If you have a P.O. box, see instructions. 1234 WHALER WAY				Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). HUNTINGTON BEACH CA 92648				Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse		
Foreign country name		Foreign province/county		Foreign postal code		
Filing Status						
1 <input type="checkbox"/> Single						
2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income)						
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶						
4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶						
5 <input type="checkbox"/> Qualifying widow(er) with dependent child						
Check only one box.						
Exemptions						
6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a						
b <input type="checkbox"/> Spouse						
c Dependents:						
(1) First name		Last name		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
						<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>
If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>						
d Total number of exemptions claimed						
Boxes checked on 6a and 6b						
No. of children on 6c who:						
• lived with you						
• did not live with you due to divorce or separation (see instructions)						
Dependents on 6c not entered above						
Add numbers on lines above ▶						
Income						
7		Wages, salaries, tips, etc. Attach Form(s) W-2			7	40000
8a		Taxable interest. Attach Schedule B if required			8a	500
b		Tax-exempt interest. Do not include on line 8a			8b	
9a		Ordinary dividends. Attach Schedule B if required			9a	
b		Qualified dividends			9b	
10		Taxable refunds, credits, or offsets of state and local income taxes			10	
11		Alimony received			11	
12		Business income or (loss). Attach Schedule C or C-EZ			12	
13		Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>			13	(3000)
14		Other gains or (losses). Attach Form 4797			14	
15a		IRA distributions			15a	
b		Taxable amount			15b	
16a		Pensions and annuities			16a	
b		Taxable amount			16b	
17		Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	
18		Farm income or (loss). Attach Schedule F			18	
19		Unemployment compensation			19	
20a		Social security benefits			20a	
b		Taxable amount			20b	5850
21		Other income. List type and amount 1099C			21	2500
22		Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶			22	45850
Adjusted Gross Income						
23		Educator expenses			23	
24		Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ			24	
25		Health savings account deduction. Attach Form 8889			25	
26		Moving expenses. Attach Form 3903			26	
27		Deductible part of self-employment tax. Attach Schedule SE			27	
28		Self-employed SEP, SIMPLE, and qualified plans			28	
29		Self-employed health insurance deduction			29	
30		Penalty on early withdrawal of savings			30	
31a		Alimony paid b Recipient's SSN ▶			31a	
32		IRA deduction			32	
33		Student loan interest deduction			33	
34		Tuition and fees. Attach Form 8917			34	
35		Domestic production activities deduction. Attach Form 8903			35	
36		Add lines 23 through 35			36	
37		Subtract line 36 from line 22. This is your adjusted gross income ▶			37	45850



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 1040 (2011)

Page **2****Tax and Credits****Standard Deduction for—**

- People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.
- All others:
 - Single or Married filing separately, \$5,800
 - Married filing jointly or Qualifying widow(er), \$11,600
 - Head of household, \$8,500

38	Amount from line 37 (adjusted gross income)	38	45850
39a	Check <input type="checkbox"/> You were born before January 2, 1947, <input type="checkbox"/> Blind. } Total boxes checked <input type="checkbox"/> 39a		
	if: <input type="checkbox"/> Spouse was born before January 2, 1947, <input type="checkbox"/> Blind. }		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here <input type="checkbox"/> 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	15800
41	Subtract line 40 from line 38	41	30050
42	Exemptions. Multiply \$3,700 by the number on line 6d.	42	7400
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	22650
44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> 962 election	44	2551
45	Alternative minimum tax (see instructions). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Education credits from Form 8863, line 23	49	400
50	Retirement savings contributions credit. Attach Form 8880	50	
51	Child tax credit (see instructions)	51	
52	Residential energy credits. Attach Form 5695	52	
53	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
54	Add lines 47 through 53. These are your total credits	54	400
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	2151

Other Taxes

56	Self-employment tax. Attach Schedule SE	56	
57	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
59a	Household employment taxes from Schedule H	59a	
b	First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
60	Other taxes. Enter code(s) from instructions	60	
61	Add lines 55 through 60. This is your total tax	61	2151

Payments

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	62	2500
63	2011 estimated tax payments and amount applied from 2010 return	63	
64a	Earned income credit (EIC)	64a	
b	Nontaxable combat pay election <input type="checkbox"/> 64b		
65	Additional child tax credit. Attach Form 8812	65	
66	American opportunity credit from Form 8863, line 14	66	
67	First-time homebuyer credit from Form 5405, line 10	67	
68	Amount paid with request for extension to file	68	
69	Excess social security and tier 1 RRTA tax withheld	69	
70	Credit for federal tax on fuels. Attach Form 4136	70	
71	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71	
72	Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72	2500

Refund

Direct deposit? See instructions.

73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73	349									
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74a	349									
b	Routing number <table><tr><td>1</td><td>2</td><td>1</td><td>0</td><td>5</td><td>8</td><td>7</td><td>8</td><td>2</td></tr></table>	1	2	1	0	5	8	7	8	2	c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings	
1	2	1	0	5	8	7	8	2				
d	Account number <table><tr><td>0</td><td>0</td><td>0</td><td>1</td><td>8</td><td>0</td><td>1</td><td>5</td><td>5</td></tr></table>	0	0	0	1	8	0	1	5	5		
0	0	0	1	8	0	1	5	5				
75	Amount of line 73 you want applied to your 2012 estimated tax	75										

Amount You Owe

76	Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions	76	
77	Estimated tax penalty (see instructions)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ Yes. Complete below. ☐ No

Designee's name	Phone no.	Personal identification number (PIN)

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
CHRISTOPHER THOMAS	040112	RETIRED	8051111111
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
TERRIE THOMAS	040112	TEACHER	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name <input type="checkbox"/> S71010355		Firm's EIN <input type="checkbox"/>		



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 540 Problem 2 Data Sheet

Form 1040 is completed for the following client. You must now complete a Form 540. Below is information needed to complete the state tax return.

Client Information

Name:	Sandra Short – 000-00-0000
Birth Date:	09/28/1979
Address:	452 Shoo Fly Lane Fillmore, CA 93015
Phone #:	000.000.0000
Filing Status:	Head of Household
Dependents:	Shelly Short
Birth Date:	05/12/2005


Additional Information

1. Sandra takes the standard deduction.
2. Shelly is Sandra's daughter and lives with her all year.
3. Sandra's brother, Sam, lives with Sandra all year but she is not sure if she can claim him as a dependent. Sam is 25, attends community college, and does not work. Sam's dad gives him \$100.00 per month to help with expenses until he graduates. Sam's SSN: 000-00-0000. Sam's birth date: 02/15/1985.
4. Sandra pays \$1,800.00 per year childcare for Shelly. Her daycare provider is Susie Smith, 000-00-0000, located at 555 Shoo Fly Lane, Fillmore, CA 93015. All care was provided at 555 Shoo Fly Lane. Her telephone number is 831.000.0000.
5. Sandra thinks she qualifies for the renter's credit.
6. Sandra has rented the same house for the entire year. The rental property is not exempt from property tax. Sandra pays rent to Firestone Properties, 379 Fernbridge Way Fillmore, CA 93015 831.111.1111.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 540, Problem 2 W-2 Information for Sandra Short

a Control number		Void <input type="checkbox"/>		For Official Use Only OMB No.				Visit the IRS website at www.irs.gov	
b Employer identification number 95-1144332				1 Wages, tips, other compensation 25,500.00		2 Federal income tax withheld 1,000.00			
c Employer's name, address, and ZIP code Stackers Supply 855 Fremont Fillmore, CA 93015				3 Social security wages 25,500.00		4 Social security tax withheld 1,581.00			
				5 Medicare wages and tips 25,500.00		6 Medicare tax withheld 370.00			
				7 Social security tips		8 Allocated tips			
d Employee's social security number 000-00-0000				9 Advance EIC payment		10 Dependent care benefits			
e Employee's name (first, middle initial, last) Sandra Short 452 Shoo Fly Lane Fillmore, CA 93015				11 Nonqualified plans		12 Benefits included in box 1			
				13 Statutory Employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
				14 Other		12c			
						12d			
15 State	Employer's state I.D. no.	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips,	19 Local income	20 Locality			
CA	840 5344	25,500.00	200.00						
CA	SDI		280.50						

Form

W-2

Wage and Tax
Statement

2011

Department of the Treasury- Internal Revenue
Service

For Privacy Act and Paperwork Reduction
Act Notice, see separate instructions

Copy 1 For State, City, or Local Tax Department



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 1040 Department of the Treasury—Internal Revenue Service (99)		2011 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.	
For the year Jan. 1–Dec. 31, 2011, or other tax year beginning , 2011, ending , 20		See separate instructions.	
Your first name and initial SANDRA		Last name SHORT	
If a joint return, spouse's first name and initial		Last name	
Home address (number and street). If you have a P.O. box, see instructions. 452 SHOO FLY LANE		Apt. no.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). FILLMORE CA 93015		Foreign country name Foreign province/county Foreign postal code	
Filing Status		Presidential Election Campaign	
1 <input type="checkbox"/> Single		Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
2 <input type="checkbox"/> Married filing jointly (even if only one had income)		4 <input checked="" type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶	
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶		5 <input type="checkbox"/> Qualifying widow(er) with dependent child	
Exemptions		Boxes checked on 6a and 6b	
6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a		1	
b <input type="checkbox"/> Spouse		No. of children on 6c who:	
c Dependents:		• lived with you	
(1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)		• did not live with you due to divorce or separation (see instructions)	
SHELLEY SHORT 0 0 0 0 0 0 0 0 DAUGHTER <input checked="" type="checkbox"/>		Dependents on 6c not entered above	
SAM SHORT 0 0 0 0 0 0 0 0 BROTHER <input type="checkbox"/>		1	
If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>		Add numbers on lines above ▶	
d Total number of exemptions claimed		3	
Income		7 25500	
7 Wages, salaries, tips, etc. Attach Form(s) W-2		7	
8a Taxable interest. Attach Schedule B if required		8a	
b Tax-exempt interest. Do not include on line 8a		8b	
9a Ordinary dividends. Attach Schedule B if required		9a	
b Qualified dividends		9b	
10 Taxable refunds, credits, or offsets of state and local income taxes		10	
11 Alimony received		11	
12 Business income or (loss). Attach Schedule C or C-EZ		12	
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>		13	
14 Other gains or (losses). Attach Form 4797		14	
15a IRA distributions		15a	
16a Pensions and annuities		16a	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
18 Farm income or (loss). Attach Schedule F		18	
19 Unemployment compensation		19	
20a Social security benefits		20a	
b Taxable amount		20b	
21 Other income. List type and amount 1099C		21	
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶		22 25500	
Adjusted Gross Income		23	
23 Educator expenses		23	
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ		24	
25 Health savings account deduction. Attach Form 8889		25	
26 Moving expenses. Attach Form 3903		26	
27 Deductible part of self-employment tax. Attach Schedule SE		27	
28 Self-employed SEP, SIMPLE, and qualified plans		28	
29 Self-employed health insurance deduction		29	
30 Penalty on early withdrawal of savings		30	
31a Alimony paid b Recipient's SSN ▶		31a	
32 IRA deduction		32	
33 Student loan interest deduction		33	
34 Tuition and fees. Attach Form 8917		34	
35 Domestic production activities deduction. Attach Form 8903		35	
36 Add lines 23 through 35		36	
37 Subtract line 36 from line 22. This is your adjusted gross income ▶		37 25500	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11320B

Form **1040** (2011)



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 1040 (2011)		Page 2	
Tax and Credits	38 Amount from line 37 (adjusted gross income)	38	25500
	39a Check <input type="checkbox"/> You were born before January 2, 1947, <input type="checkbox"/> Blind. Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1947, <input type="checkbox"/> Blind. checked 39a <input type="checkbox"/>		
Standard Deduction for — • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$5,800 Married filing jointly or Qualifying widow(er), \$11,600 Head of household, \$8,500	b If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b <input type="checkbox"/>		
	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	8500
	41 Subtract line 40 from line 38	41	17000
	42 Exemptions. Multiply \$3,700 by the number on line 6d.	42	11100
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	5000
	44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> 962 election	44	503
	45 Alternative minimum tax (see instructions). Attach Form 6251	45	
	46 Add lines 44 and 45	46	503
	47 Foreign tax credit. Attach Form 1116 if required	47	
	48 Credit for child and dependent care expenses. Attach Form 2441	48	503
	49 Education credits from Form 8863, line 23	49	
	50 Retirement savings contributions credit. Attach Form 8880	50	
	51 Child tax credit (see instructions)	51	
	52 Residential energy credits. Attach Form 5695	52	
	53 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
	54 Add lines 47 through 53. These are your total credits	54	503
	55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	0
Other Taxes	56 Self-employment tax. Attach Schedule SE	56	
	57 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57	
	58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
	59a Household employment taxes from Schedule H	59a	
	b First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
	60 Other taxes. Enter code(s) from instructions	60	
	61 Add lines 55 through 60. This is your total tax	61	0
Payments	62 Federal income tax withheld from Forms W-2 and 1099	62	1000
	63 2011 estimated tax payments and amount applied from 2010 return	63	
If you have a qualifying child, attach Schedule EIC.	64a Earned income credit (EIC)	64a	1682
	b Nontaxable combat pay election 64b		
	65 Additional child tax credit. Attach Form 8812	65	899
	66 American opportunity credit from Form 8863, line 14	66	
	67 First-time homebuyer credit from Form 5405, line 10	67	
	68 Amount paid with request for extension to file	68	
	69 Excess social security and tier 1 RRTA tax withheld	69	
	70 Credit for federal tax on fuels. Attach Form 4136	70	
	71 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71	
	72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72	3581
Refund	73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73	
	74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74a	3581
Direct deposit? See instructions.	b Routing number <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 8 <input type="text"/> 7 <input type="text"/> 8 <input type="text"/> 2 c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 8 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 5 <input type="text"/> 5		
	75 Amount of line 73 you want applied to your 2012 estimated tax 75	75	
Amount You Owe	76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions 76	76	
	77 Estimated tax penalty (see instructions)	77	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
	Designee's name <input type="text"/>	Phone no. <input type="text"/>	Personal identification number (PIN) <input type="text"/>
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature SANDRA SHORT	Date 020112	Your occupation CLERK
	Spouse's signature. If a joint return, both must sign. <input type="text"/>	Date <input type="text"/>	Spouse's occupation <input type="text"/>
	Print/Type preparer's name <input type="text"/>		Preparer's signature <input type="text"/>
	Date <input type="text"/>		Check <input type="checkbox"/> if self-employed
Paid Preparer Use Only	Firm's name S71010355		Firm's EIN <input type="text"/>
	Firm's address <input type="text"/>		Phone no. <input type="text"/>



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 540 Problem 3 Data Sheet

Form 1040 is completed for the following client. Complete a Form 540. Below is information needed to complete the state tax return.

Client Information

Name:	Randall Rivers 000-00-0000
Birth Date:	10/31/1951
	Rose Rivers 000-00-0000
	12/25/1959
	Rita Rivers 000-00-0000
	05/11/2000
Address:	1234 Pretty Picture Lane Sacramento, CA 95814
Telephone:	916.000.0000
Filing Status:	Married Filing Joint

Additional Information

1. Randall and Rose would like to file married filing jointly.
2. Rose contributed \$1,000.00 to an HSA, has a high deductible health plan through her employer, and also took a distribution to pay for their medical bills. She was issued a 1099-HSA for \$1,200.00 of distribution.
3. During 2011, Randall and Rose rented the same duplex for the entire year. The property is not exempt from property tax. They paid rent to:

Apex Property Management
2000 Service Blvd
Golden, Colorado 80401

4. Randall and Rose do not itemize deductions.
5. Randall received \$6,000.00 unemployment benefits during 2011. He paid \$600.00 in federal withholding.

Their daughter and grandson lived with them all year but they cannot claim them as dependents. They have one dependent granddaughter.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 540, Problem 3 W-2 Information for Rose Rivers

a Control number		22222		Void <input type="checkbox"/>		For Official Use Only OMB No. 1545-0008							
b Employer identification number 95-6790989				1 Wages, tips, other compensation 36,000.00		2 Federal income tax withheld 1200.00							
c Employer's name, address, and ZIP code LUCKY CASINO PO BOX 12 RANCHO CORDOVA CA 95827				3 Social security 36,000.00		4 Social security tax withheld 2232.00							
				5 Medicare 36,000.00		6 Medicare tax withheld 522.00							
				7 Social security tips		8 Allocated tips							
d Employee's social security number 000-00-0000				9 Advance EIC payment		10 Dependent care benefits							
e Employee's name (first, middle initial, last) ROSE RIVERS 1234 PRETTY PICTURE LN SACRAMENTO, CA 95814				11 Nonqualified plans		12 Benefits included in box 1							
				13 Statutory Employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b W 400.00							
				14 Other 396.00 SDI		12c							
						12d							
15 State CA		Employer's state I.D. no. 999999		16 State wages, tips, etc. 36,000.00		17 State income tax 300.00		18 Local wages, tips, etc.		19 Local income tax		20 Locality	

Form **W-2** Wage and Tax Statement **2011**
Copy 2 For State, City, or Local Tax Department

Department of the Treasury- Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 1040 Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return 2011 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.	
For the year Jan. 1–Dec. 31, 2011, or other tax year beginning , 2011, ending , 20	
See separate instructions.	
Your first name and initial RANDALL	Last name RIVERS
Your social security number 0 0 0 0 0 0 0 0	
If a joint return, spouse's first name and initial ROSE	Last name RIVERS
Spouse's social security number 0 0 0 0 0 0 0 0	
Home address (number and street). If you have a P.O. box, see instructions. 1234 PRETTY PICTURE LANE	
Apt. no. ▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). SACRAMENTO CA 95814	
Foreign country name Foreign province/county Foreign postal code	
Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
Filing Status Check only one box.	1 <input type="checkbox"/> Single 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child
Exemptions If more than four dependents, see instructions and check here <input type="checkbox"/>	6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a b <input type="checkbox"/> Spouse c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions) RITA RIVERS 0 0 0 0 0 0 0 0 GRCHILD d Total number of exemptions claimed
Boxes checked on 6a and 6b No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instructions) Dependents on 6c not entered above Add numbers on lines above ▶ 3	
Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a W-2, see instructions. Enclose, but do not attach, any payment. Also, please use Form 1040-V.	7 Wages, salaries, tips, etc. Attach Form(s) W-2 7 36000 8a Taxable interest. Attach Schedule B if required 8a b Tax-exempt interest. Do not include on line 8a 8b 9a Ordinary dividends. Attach Schedule B if required 9a b Qualified dividends 9b 10 Taxable refunds, credits, or offsets of state and local income taxes 10 11 Alimony received 11 12 Business income or (loss). Attach Schedule C or C-EZ 12 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> 13 14 Other gains or (losses). Attach Form 4797 14 15a IRA distributions 15a b Taxable amount 15b 16a Pensions and annuities 16a b Taxable amount 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17 18 Farm income or (loss). Attach Schedule F 18 19 Unemployment compensation 19 6000 20a Social security benefits 20a b Taxable amount 20b 21 Other income. List type and amount 1099C 21 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶ 22 42000
Adjusted Gross Income	23 Educator expenses 23 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 25 Health savings account deduction. Attach Form 8889 25 1000 26 Moving expenses. Attach Form 3903 26 27 Deductible part of self-employment tax. Attach Schedule SE 27 28 Self-employed SEP, SIMPLE, and qualified plans 28 29 Self-employed health insurance deduction 29 30 Penalty on early withdrawal of savings 30 31a Alimony paid b Recipient's SSN ▶ 31a 32 IRA deduction 32 33 Student loan interest deduction 33 34 Tuition and fees. Attach Form 8917 34 35 Domestic production activities deduction. Attach Form 8903 35 36 Add lines 23 through 35 36 37 Subtract line 36 from line 22. This is your adjusted gross income ▶ 37 41000



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Form 540 Section

Form 1040 (2011)		Page 2
Tax and Credits	38 Amount from line 37 (adjusted gross income)	38 41000
	39a Check <input type="checkbox"/> You were born before January 2, 1947, <input type="checkbox"/> Blind. Total boxes <input type="checkbox"/> if: <input type="checkbox"/> Spouse was born before January 2, 1947, <input type="checkbox"/> Blind. checked ▶ 39a <input type="checkbox"/>	
	b If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b <input type="checkbox"/>	
Standard Deduction for — • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$5,800 Married filing jointly or Qualifying widow(er), \$11,600 Head of household, \$8,500	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40 11600
	41 Subtract line 40 from line 38	41 29400
	42 Exemptions. Multiply \$3,700 by the number on line 6d.	42 11100
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43 18300
	44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> 962 election	44 1899
	45 Alternative minimum tax (see instructions). Attach Form 6251	45
	46 Add lines 44 and 45	46 1899
	47 Foreign tax credit. Attach Form 1116 if required	47
	48 Credit for child and dependent care expenses. Attach Form 2441	48
	49 Education credits from Form 8863, line 23	49
	50 Retirement savings contributions credit. Attach Form 8880	50
	51 Child tax credit (see instructions)	51 1000
	52 Residential energy credits. Attach Form 5695	52
	53 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53
	54 Add lines 47 through 53. These are your total credits	54 1000
	55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55 899
Other Taxes	56 Self-employment tax. Attach Schedule SE	56
	57 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57
	58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58
	59a Household employment taxes from Schedule H	59a
	b First-time homebuyer credit repayment. Attach Form 5405 if required	59b
	60 Other taxes. Enter code(s) from instructions	60
	61 Add lines 55 through 60. This is your total tax	61 899
Payments	62 Federal income tax withheld from Forms W-2 and 1099	62 1200
	63 2011 estimated tax payments and amount applied from 2010 return	63
	64a Earned income credit (EIC)	64a 4
	b Nontaxable combat pay election 64b	
	65 Additional child tax credit. Attach Form 8812	65
	66 American opportunity credit from Form 8863, line 14	66
	67 First-time homebuyer credit from Form 5405, line 10	67
	68 Amount paid with request for extension to file	68
	69 Excess social security and tier 1 RRTA tax withheld	69
	70 Credit for federal tax on fuels. Attach Form 4136	70
	71 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71
	72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72 1204
Refund	73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73 305
	74a Amount of line 73 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/> ▶ <input type="checkbox"/> ▶ <input type="checkbox"/>	74a 305
Direct deposit? See instructions.	b Routing number 1 2 1 0 5 8 7 8 2 ▶ c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings	
	d Account number 0 0 0 1 8 0 1 5 5	
	75 Amount of line 73 you want applied to your 2012 estimated tax ▶ 75	
Amount You Owe	76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions ▶ 76	
	77 Estimated tax penalty (see instructions)	77
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No	
	Designee's name <input type="text"/>	Phone no. <input type="text"/> Personal identification number (PIN) <input type="text"/>
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Joint return? See instructions. Keep a copy for your records.	Your signature RANDALL RIVERS	Date 030112
	Spouse's signature ROSE RIVERS	Date 030112
	Your occupation UNEMPLOYED	Daytime phone number 0000000000
	Spouse's occupation SERVICE WORKER	
Paid Preparer Use Only	Print/Type preparer's name <input type="text"/>	Preparer's signature <input type="text"/>
	Firm's name ▶ S71010355	Firm's EIN <input type="text"/>

2011 California Volunteer Reference Manual

Contribution Section



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Contributions

Code 400

California Seniors Special Fund

If your client and/or their spouse/RDP are 65 years or older and claim the Senior Exemption Credit on line 9, they may make a combined total contribution of up to \$198 or \$99 per spouse/RDP. Contributions entered for this fund will be distributed to the Area Agency of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation. If your clients' 65th birthday is on January 1, 2012, they are considered age 65 on December 31, 2011.

Code 401

Alzheimer's Disease/Related Disorders Fund

Contributions will provide grants to California scientists who study Alzheimer's disease and related disorders. This research includes basic science, diagnosis, treatment, prevention, behavioral problems, and caregiving. With over one-half million Californians living with the disease and another 2 million providing care to a loved one with Alzheimer's, our state is in the early stages of a major public health crisis. Your contribution will ensure that Alzheimer's disease receives the attention, research, and resources it deserves. For more information, go to cdph.ca.gov and search for **alzheimer**.

Code 402

California Fund for Senior Citizens (CSL)

Contributions will provide support to the California Senior Legislature (CSL). The CSL is made up of volunteers who develop statewide senior related legislative proposals in areas of health, housing, transportation, and community services to be presented to the State Legislature. For more information, go to **4csl.org**.

Code 403

Rare and Endangered Species Preservation Program

Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for your enjoyment and benefit to you and future generations.

Code 404

State Children's Trust Fund for the Prevention of Child Abuse

Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.

Code 405

California Breast Cancer Research Fund

Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctor's up-to-date on research progress. For more



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about the research your contributions support, go to **cbcrp.org**. Your contribution can help make breast cancer a disease of the past.

Code 406

California Firefighters' Memorial Fund

Contributions will be used for the repair and maintenance of the California Firefighters' Memorial on the grounds of the State Capitol, ceremonies to honor the memory of fallen firefighters and to assist surviving loved ones, and for an informational guide detailing survivor benefits to assist the spouses/RDPs and children of fallen firefighters.

Code 407

Emergency Food for Families Fund

Contributions will be used to help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.

Code 408

California Peace Officer Memorial Foundation Fund

Contributions will be used to preserve the memory of California's fallen peace officers and assist the families they left behind. Since statehood, over 1,300 courageous California peace officers have made the ultimate sacrifice while protecting law-abiding citizens. The non-profit charitable organization, California Peace Officer's Memorial Foundation, has accepted the privilege and responsibility of maintaining a memorial for fallen officers on the State Capitol grounds. Each May, the Memorial Foundation conducts a dignified ceremony honoring fallen officers and their surviving families by offering moral support, crisis counseling, and financial support that includes academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, thank you for your participation.

Code 410

California Sea Otter Fund

The California Coastal Conservancy and the Department of Fish and Game will each be allocated 50 percent of the contributions. The California Coastal Conservancy will use the contributions for research and programs related to the near-shore ecosystem, including sea otters. The Department of Fish and Game will use the contributions to establish a sea otter fund within the department's index coding system for increased investigation, prevention, and enforcement action.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Contributions

Code 412

Municipal Shelter Spay-Neuter Fund

Contributions will be used to provide grants to eligible municipal shelters to provide low cost or free spay-neuter services for dogs and cats.

Code 413

California Cancer Research Fund

Contributions will be used to conduct research relating to the causes, detection, and prevention of cancer and to expand community-based education on cancer, and to provide prevention and awareness activities for communities that are disproportionately at risk or afflicted by cancer.

Code 414

ALS/Lou Gehrig's Disease Research Fund

Contributions will be used to provide grants to conduct research relating to the prevention, cure, screening, and treatment of ALS.

Code 415

Arts Council Fund

Contributions will be used by the Arts Council to allocate grants to individuals or organizations administering arts programs.

Code 416

California Police Activities League (CALPAL) Fund

Contributions will be used exclusively to fund the services and programs of the California Police Activities League (CALPAL) program.

Code 417

California Veterans Homes Fund

Contributions will be used for veterans homes operations.

Code 418

Safely Surrendered Baby Fund

Contributions will be used to fund programs to increase public awareness and outreach regarding the Safely Surrendered Baby law.

Code 419

Child Victims of Human Trafficking Fund

Contributions will be used to fund, through grants, eligible community based organizations that agree to provide services to minors who are victims of human trafficking.

2011 California Volunteer Reference Manual

Volunteer Procedures



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Volunteer Procedures

Responsibility of the Volunteer

As a volunteer tax assistant, be careful to:

- Use the correct forms.
- Provide your clients accurate information.
- Follow the procedures and instructions in this manual.
- Complete a volunteer information sheet each tax season.

Volunteers help their clients complete tax returns. You are not a professional preparer. You do not have any legal responsibility regarding the accuracy of the tax returns you complete. Make sure your clients know that they assume legal responsibility for their tax return.

Confidentiality of Information

All tax return information is **confidential**. As a volunteer, under no circumstances, discuss information about any of the tax returns you prepare. Do not retain tax information from an individual's tax return. Do not jeopardize the credibility of the VITA/TCE program by disclosure of information to unauthorized individuals. To enhance the privacy of clients who come to a site, arrange the assistance area so that others cannot see or overhear information exchanged between the volunteer and the client.

Privacy Act Information

If a person requests information about the Federal Privacy Act or the California Information Practices Act of 1977, refer them to Franchise Tax Board's public assistance number, **800.852.5711**.

Acceptance of Payment

Under no circumstances accept any form of payment either for your services or on behalf of Franchise Tax Board.

Questions or Assistance Unrelated to Personal Income Tax Law

VITA/TCE trains volunteers to assist in the preparation of personal income tax returns. If a person requests help on personal income tax laws other than those within the program scope, refer the person to Franchise Tax Board's public assistance number. If a person requests help on matters other than personal income tax, suggest that they seek help elsewhere.

Site Number/SIDN

The IRS assigns every volunteer site a site number (SIDN). Include this number and your initials on all tax returns for identification purposes, including e-filed tax returns.



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Quality Review

During training, the instructor gives the site coordinator two self-addressed, stamped envelopes for the volunteer to give to the first two paper tax return, **refund only** clients you assist. The trainer, a Franchise Tax Board field office employee, reviews the tax return. After review, the field office forwards the tax returns to Franchise Tax Board in Sacramento. The review process allows us to identify error trends early and avoid future mistakes. This is in addition to the quality review program used at your site. Efile sites use the federal Quality Review sheet.

Replenishing Your Supply of Forms

To replenish your supply of state forms and publications, complete Form 2333V-CA and return it to Public Education Team. You may also call the Volunteer Hotline, **800.522.5665**, to order forms, or email an order to:

volunteercoordinator@ftb.ca.gov

The volunteer hotline assists with tracking forms order shipments, as well as tax preparation and volunteer program advice and assistance. Reach the Volunteer Hotline program staff, 8:30 a.m. to 4:30p.m., weekdays, except state holidays, at **800.522.5665**. There is a voicemail option after hours.

Change in Service Hours or Location

An effective volunteer program is open and staffed during publicized hours. If you plan to be absent, arrange in advance for another volunteer to provide assistance during your assigned time.

If you change the hours or location of your volunteer site:

1. Call the Volunteer Hotline and inform them of the following:
 - That you volunteer for the VITA/TCE program.
 - The present location of your site (including county and ZIP code).
 - The change in hours or location.
2. Notify the organizations, media, and other persons whom you previously contacted regarding publicity.
3. Correct or remove the posters distributed throughout the community so the public does not go to the old location or to a closed volunteer site.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – Volunteer Procedures

Site List

We update our volunteer site list continually during the filing season, January through April 15th each year. We distribute copies of a paper list to agencies by request. The site list is also on the Internet at **ftb.ca.gov** and available as a mobile application. We update the Internet site list weekly. Your timely updates are important. Any change in service hours, location, or contact numbers may be updated within 24 hours, if necessary.

Publicizing Your Program

To a great extent, volunteer program success depends on how many people know about the service you provide. As a member of your local community, you know the activities, organization, and individuals that help get information out to the public. If you take it upon yourself to get the word out about the program, it helps guarantee the success of your individual volunteer site.

One of the most effective ways for you to publicize VITA/TCE is through “word of mouth.” If you tell five people about the program and they each tell five people, you effectively advertise the program. Remember, you provide a valuable service, so talk to as many people as possible.

A close second to word of mouth publicity is referral from local leaders and community agency personnel. Talk to your pastor, prominent citizens, local government officials, and representatives of local clubs. Ask them to spread the information about your program and to refer interested people.

If you belong to a club or organization, or plan to attend a luncheon, ask for a few minutes to speak about the program. If you know of a church bulletin, church newsletter, senior citizen paper, or local throwaway (a free paper usually passed out at grocery stores), ask the publishers to print your volunteer site location, dates, and times as a community service. They might even print a small story about the program.

FTB sends volunteer program posters to your sponsor and coordinator. Put the posters where you think they get the best exposure (i.e., a bulletin board, store window, library, church, bank, senior citizen home, etc.).

Remember, anyone visiting your volunteer site is a possible information source. If you provide good service, this person recommends your service to someone else.

2011 California Volunteer Reference Manual

Tax Tables Form 540 And 540A

2011 California Tax Table

To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is ..." to find the range that includes your taxable income from Form 540/540A, line 19.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married/RDP Filing Separately)							2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))					4 (Head of Household)				
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status				
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is		
\$1	\$50	\$0	\$0	\$0	6,451	6,550	65	65	65	12,951	13,050	187	130	130		
51	150	1	1	1	6,551	6,650	66	66	66	13,051	13,150	189	131	131		
151	250	2	2	2	6,651	6,750	67	67	67	13,151	13,250	191	132	132		
251	350	3	3	3	6,751	6,850	68	68	68	13,251	13,350	193	133	133		
351	450	4	4	4	6,851	6,950	69	69	69	13,351	13,450	195	134	134		
451	550	5	5	5	6,951	7,050	70	70	70	13,451	13,550	197	135	135		
551	650	6	6	6	7,051	7,150	71	71	71	13,551	13,650	199	136	136		
651	750	7	7	7	7,151	7,250	72	72	72	13,651	13,750	201	137	137		
751	850	8	8	8	7,251	7,350	73	73	73	13,751	13,850	203	138	138		
851	950	9	9	9	7,351	7,450	75	74	74	13,851	13,950	205	139	139		
951	1,050	10	10	10	7,451	7,550	77	75	75	13,951	14,050	207	140	140		
1,051	1,150	11	11	11	7,551	7,650	79	76	76	14,051	14,150	209	141	141		
1,151	1,250	12	12	12	7,651	7,750	81	77	77	14,151	14,250	211	142	142		
1,251	1,350	13	13	13	7,751	7,850	83	78	78	14,251	14,350	213	143	143		
1,351	1,450	14	14	14	7,851	7,950	85	79	79	14,351	14,450	215	144	144		
1,451	1,550	15	15	15	7,951	8,050	87	80	80	14,451	14,550	217	145	145		
1,551	1,650	16	16	16	8,051	8,150	89	81	81	14,551	14,650	219	146	146		
1,651	1,750	17	17	17	8,151	8,250	91	82	82	14,651	14,750	221	148	148		
1,751	1,850	18	18	18	8,251	8,350	93	83	83	14,751	14,850	223	150	150		
1,851	1,950	19	19	19	8,351	8,450	95	84	84	14,851	14,950	225	152	152		
1,951	2,050	20	20	20	8,451	8,550	97	85	85	14,951	15,050	227	154	154		
2,051	2,150	21	21	21	8,551	8,650	99	86	86	15,051	15,150	229	156	156		
2,151	2,250	22	22	22	8,651	8,750	101	87	87	15,151	15,250	231	158	158		
2,251	2,350	23	23	23	8,751	8,850	103	88	88	15,251	15,350	233	160	160		
2,351	2,450	24	24	24	8,851	8,950	105	89	89	15,351	15,450	235	162	162		
2,451	2,550	25	25	25	8,951	9,050	107	90	90	15,451	15,550	237	164	164		
2,551	2,650	26	26	26	9,051	9,150	109	91	91	15,551	15,650	239	166	166		
2,651	2,750	27	27	27	9,151	9,250	111	92	92	15,651	15,750	241	168	168		
2,751	2,850	28	28	28	9,251	9,350	113	93	93	15,751	15,850	243	170	170		
2,851	2,950	29	29	29	9,351	9,450	115	94	94	15,851	15,950	245	172	172		
2,951	3,050	30	30	30	9,451	9,550	117	95	95	15,951	16,050	247	174	174		
3,051	3,150	31	31	31	9,551	9,650	119	96	96	16,051	16,150	249	176	176		
3,151	3,250	32	32	32	9,651	9,750	121	97	97	16,151	16,250	251	178	178		
3,251	3,350	33	33	33	9,751	9,850	123	98	98	16,251	16,350	253	180	180		
3,351	3,450	34	34	34	9,851	9,950	125	99	99	16,351	16,450	255	182	182		
3,451	3,550	35	35	35	9,951	10,050	127	100	100	16,451	16,550	257	184	184		
3,551	3,650	36	36	36	10,051	10,150	129	101	101	16,551	16,650	259	186	186		
3,651	3,750	37	37	37	10,151	10,250	131	102	102	16,651	16,750	261	188	188		
3,751	3,850	38	38	38	10,251	10,350	133	103	103	16,751	16,850	263	190	190		
3,851	3,950	39	39	39	10,351	10,450	135	104	104	16,851	16,950	265	192	192		
3,951	4,050	40	40	40	10,451	10,550	137	105	105	16,951	17,050	267	194	194		
4,051	4,150	41	41	41	10,551	10,650	139	106	106	17,051	17,150	269	196	196		
4,151	4,250	42	42	42	10,651	10,750	141	107	107	17,151	17,250	271	198	198		
4,251	4,350	43	43	43	10,751	10,850	143	108	108	17,251	17,350	273	200	200		
4,351	4,450	44	44	44	10,851	10,950	145	109	109	17,351	17,450	276	202	202		
4,451	4,550	45	45	45	10,951	11,050	147	110	110	17,451	17,550	280	204	204		
4,551	4,650	46	46	46	11,051	11,150	149	111	111	17,551	17,650	284	206	206		
4,651	4,750	47	47	47	11,151	11,250	151	112	112	17,651	17,750	288	208	208		
4,751	4,850	48	48	48	11,251	11,350	153	113	113	17,751	17,850	292	210	210		
4,851	4,950	49	49	49	11,351	11,450	155	114	114	17,851	17,950	296	212	212		
4,951	5,050	50	50	50	11,451	11,550	157	115	115	17,951	18,050	300	214	214		
5,051	5,150	51	51	51	11,551	11,650	159	116	116	18,051	18,150	304	216	216		
5,151	5,250	52	52	52	11,651	11,750	161	117	117	18,151	18,250	308	218	218		
5,251	5,350	53	53	53	11,751	11,850	163	118	118	18,251	18,350	312	220	220		
5,351	5,450	54	54	54	11,851	11,950	165	119	119	18,351	18,450	316	222	222		
5,451	5,550	55	55	55	11,951	12,050	167	120	120	18,451	18,550	320	224	224		
5,551	5,650	56	56	56	12,051	12,150	169	121	121	18,551	18,650	324	226	226		
5,651	5,750	57	57	57	12,151	12,250	171	122	122	18,651	18,750	328	228	228		
5,751	5,850	58	58	58	12,251	12,350	173	123	123	18,751	18,850	332	230	230		
5,851	5,950	59	59	59	12,351	12,450	175	124	124	18,851	18,950	336	232	232		
5,951	6,050	60	60	60	12,451	12,550	177	125	125	18,951	19,050	340	234	234		
6,051	6,150	61	61	61	12,551	12,650	179	126	126	19,051	19,150	344	236	236		
6,151	6,250	62	62	62	12,651	12,750	181	127	127	19,151	19,250	348	238	238		
6,251	6,350	63	63	63	12,751	12,850	183	128	128	19,251	19,350	352	240	240		
6,351	6,450	64	64	64	12,851	12,950	185	129	129	19,351	19,450	356	242	242		

Continued on next page

2011 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married/RDP Filing Separately)						2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))						4 (Head of Household)		
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	19,550	360	244	244	26,451	26,550	640	384	384	33,451	33,550	1,042	524	524
19,551	19,650	364	246	246	26,551	26,650	644	386	386	33,551	33,650	1,048	526	526
19,651	19,750	368	248	248	26,651	26,750	648	388	388	33,651	33,750	1,054	528	528
19,751	19,850	372	250	250	26,751	26,850	652	390	390	33,751	33,850	1,060	530	530
19,851	19,950	376	252	252	26,851	26,950	656	392	392	33,851	33,950	1,066	532	532
19,951	20,050	380	254	254	26,951	27,050	660	394	394	33,951	34,050	1,072	534	534
20,051	20,150	384	256	256	27,051	27,150	664	396	396	34,051	34,150	1,078	536	536
20,151	20,250	388	258	258	27,151	27,250	668	398	398	34,151	34,250	1,084	538	538
20,251	20,350	392	260	260	27,251	27,350	672	400	400	34,251	34,350	1,090	540	540
20,351	20,450	396	262	262	27,351	27,450	676	402	402	34,351	34,450	1,096	542	542
20,451	20,550	400	264	264	27,451	27,550	682	404	404	34,451	34,550	1,102	544	544
20,551	20,650	404	266	266	27,551	27,650	688	406	406	34,551	34,650	1,108	546	546
20,651	20,750	408	268	268	27,651	27,750	694	408	408	34,651	34,750	1,114	548	548
20,751	20,850	412	270	270	27,751	27,850	700	410	410	34,751	34,850	1,120	552	552
20,851	20,950	416	272	272	27,851	27,950	706	412	412	34,851	34,950	1,126	556	556
20,951	21,050	420	274	274	27,951	28,050	712	414	414	34,951	35,050	1,132	560	560
21,051	21,150	424	276	276	28,051	28,150	718	416	416	35,051	35,150	1,138	564	564
21,151	21,250	428	278	278	28,151	28,250	724	418	418	35,151	35,250	1,144	568	568
21,251	21,350	432	280	280	28,251	28,350	730	420	420	35,251	35,350	1,150	572	572
21,351	21,450	436	282	282	28,351	28,450	736	422	422	35,351	35,450	1,156	576	576
21,451	21,550	440	284	284	28,451	28,550	742	424	424	35,451	35,550	1,162	580	580
21,551	21,650	444	286	286	28,551	28,650	748	426	426	35,551	35,650	1,168	584	584
21,651	21,750	448	288	288	28,651	28,750	754	428	428	35,651	35,750	1,174	588	588
21,751	21,850	452	290	290	28,751	28,850	760	430	430	35,751	35,850	1,180	592	592
21,851	21,950	456	292	292	28,851	28,950	766	432	432	35,851	35,950	1,186	596	596
21,951	22,050	460	294	294	28,951	29,050	772	434	434	35,951	36,050	1,192	600	600
22,051	22,150	464	296	296	29,051	29,150	778	436	436	36,051	36,150	1,198	604	604
22,151	22,250	468	298	298	29,151	29,250	784	438	438	36,151	36,250	1,204	608	608
22,251	22,350	472	300	300	29,251	29,350	790	440	440	36,251	36,350	1,210	612	612
22,351	22,450	476	302	302	29,351	29,450	796	442	442	36,351	36,450	1,216	616	616
22,451	22,550	480	304	304	29,451	29,550	802	444	444	36,451	36,550	1,222	620	620
22,551	22,650	484	306	306	29,551	29,650	808	446	446	36,551	36,650	1,228	624	624
22,651	22,750	488	308	308	29,651	29,750	814	448	448	36,651	36,750	1,234	628	628
22,751	22,850	492	310	310	29,751	29,850	820	450	450	36,751	36,850	1,240	632	632
22,851	22,950	496	312	312	29,851	29,950	826	452	452	36,851	36,950	1,246	636	636
22,951	23,050	500	314	314	29,951	30,050	832	454	454	36,951	37,050	1,252	640	640
23,051	23,150	504	316	316	30,051	30,150	838	456	456	37,051	37,150	1,258	644	644
23,151	23,250	508	318	318	30,151	30,250	844	458	458	37,151	37,250	1,264	648	648
23,251	23,350	512	320	320	30,251	30,350	850	460	460	37,251	37,350	1,270	652	652
23,351	23,450	516	322	322	30,351	30,450	856	462	462	37,351	37,450	1,276	656	656
23,451	23,550	520	324	324	30,451	30,550	862	464	464	37,451	37,550	1,282	660	660
23,551	23,650	524	326	326	30,551	30,650	868	466	466	37,551	37,650	1,288	664	664
23,651	23,750	528	328	328	30,651	30,750	874	468	468	37,651	37,750	1,294	668	668
23,751	23,850	532	330	330	30,751	30,850	880	470	470	37,751	37,850	1,300	672	672
23,851	23,950	536	332	332	30,851	30,950	886	472	472	37,851	37,950	1,306	676	676
23,951	24,050	540	334	334	30,951	31,050	892	474	474	37,951	38,050	1,312	680	680
24,051	24,150	544	336	336	31,051	31,150	898	476	476	38,051	38,150	1,320	684	684
24,151	24,250	548	338	338	31,151	31,250	904	478	478	38,151	38,250	1,328	688	688
24,251	24,350	552	340	340	31,251	31,350	910	480	480	38,251	38,350	1,336	692	692
24,351	24,450	556	342	342	31,351	31,450	916	482	482	38,351	38,450	1,344	696	696
24,451	24,550	560	344	344	31,451	31,550	922	484	484	38,451	38,550	1,352	700	700
24,551	24,650	564	346	346	31,551	31,650	928	486	486	38,551	38,650	1,360	704	704
24,651	24,750	568	348	348	31,651	31,750	934	488	488	38,651	38,750	1,368	708	708
24,751	24,850	572	350	350	31,751	31,850	940	490	490	38,751	38,850	1,376	712	712
24,851	24,950	576	352	352	31,851	31,950	946	492	492	38,851	38,950	1,384	716	716
24,951	25,050	580	354	354	31,951	32,050	952	494	494	38,951	39,050	1,392	720	720
25,051	25,150	584	356	356	32,051	32,150	958	496	496	39,051	39,150	1,400	724	724
25,151	25,250	588	358	358	32,151	32,250	964	498	498	39,151	39,250	1,408	728	728
25,251	25,350	592	360	360	32,251	32,350	970	500	500	39,251	39,350	1,416	732	732
25,351	25,450	596	362	362	32,351	32,450	976	502	502	39,351	39,450	1,424	736	736
25,451	25,550	600	364	364	32,451	32,550	982	504	504	39,451	39,550	1,432	740	740
25,551	25,650	604	366	366	32,551	32,650	988	506	506	39,551	39,650	1,440	744	744
25,651	25,750	608	368	368	32,651	32,750	994	508	508	39,651	39,750	1,448	748	748
25,751	25,850	612	370	370	32,751	32,850	1,000	510	510	39,751	39,850	1,456	752	752
25,851	25,950	616	372	372	32,851	32,950	1,006	512	512	39,851	39,950	1,464	756	756
25,951	26,050	620	374	374	32,951	33,050	1,012	514	514	39,951	40,050	1,472	760	760
26,051	26,150	624	376	376	33,051	33,150	1,018	516	516	40,051	40,150	1,480	764	764
26,151	26,250	628	378	378	33,151	33,250	1,024	518	518	40,151	40,250	1,488	768	768
26,251	26,350	632	380	380	33,251	33,350	1,030	520	520	40,251	40,350	1,496	772	772
26,351	26,450	636	382	382	33,351	33,450	1,036	522	522	40,351	40,450	1,504	776	776

Continued on next page.

2011 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married/RDP Filing Separately)						2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))						4 (Head of Household)					
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status					
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is			
40,451	40,550	1,512	780	780	47,451	47,550	2,072	1,060	1,115	54,451	54,550	2,716	1,340	1,535			
40,551	40,650	1,520	784	784	47,551	47,650	2,080	1,064	1,121	54,551	54,650	2,726	1,344	1,541			
40,651	40,750	1,528	788	788	47,651	47,750	2,088	1,068	1,127	54,651	54,750	2,735	1,348	1,547			
40,751	40,850	1,536	792	792	47,751	47,850	2,096	1,072	1,133	54,751	54,850	2,744	1,353	1,553			
40,851	40,950	1,544	796	796	47,851	47,950	2,104	1,076	1,139	54,851	54,950	2,754	1,359	1,559			
40,951	41,050	1,552	800	800	47,951	48,050	2,112	1,080	1,145	54,951	55,050	2,763	1,365	1,565			
41,051	41,150	1,560	804	804	48,051	48,150	2,121	1,084	1,151	55,051	55,150	2,772	1,371	1,571			
41,151	41,250	1,568	808	808	48,151	48,250	2,131	1,088	1,157	55,151	55,250	2,782	1,377	1,577			
41,251	41,350	1,576	812	812	48,251	48,350	2,140	1,092	1,163	55,251	55,350	2,791	1,383	1,583			
41,351	41,450	1,584	816	816	48,351	48,450	2,149	1,096	1,169	55,351	55,450	2,800	1,389	1,590			
41,451	41,550	1,592	820	820	48,451	48,550	2,158	1,100	1,175	55,451	55,550	2,809	1,395	1,598			
41,551	41,650	1,600	824	824	48,551	48,650	2,168	1,104	1,181	55,551	55,650	2,819	1,401	1,606			
41,651	41,750	1,608	828	828	48,651	48,750	2,177	1,108	1,187	55,651	55,750	2,828	1,407	1,614			
41,751	41,850	1,616	832	832	48,751	48,850	2,186	1,112	1,193	55,751	55,850	2,837	1,413	1,622			
41,851	41,950	1,624	836	836	48,851	48,950	2,196	1,116	1,199	55,851	55,950	2,847	1,419	1,630			
41,951	42,050	1,632	840	840	48,951	49,050	2,205	1,120	1,205	55,951	56,050	2,856	1,425	1,638			
42,051	42,150	1,640	844	844	49,051	49,150	2,214	1,124	1,211	56,051	56,150	2,865	1,431	1,646			
42,151	42,250	1,648	848	848	49,151	49,250	2,224	1,128	1,217	56,151	56,250	2,875	1,437	1,654			
42,251	42,350	1,656	852	852	49,251	49,350	2,233	1,132	1,223	56,251	56,350	2,884	1,443	1,662			
42,351	42,450	1,664	856	856	49,351	49,450	2,242	1,136	1,229	56,351	56,450	2,893	1,449	1,670			
42,451	42,550	1,672	860	860	49,451	49,550	2,251	1,140	1,235	56,451	56,550	2,902	1,455	1,678			
42,551	42,650	1,680	864	864	49,551	49,650	2,261	1,144	1,241	56,551	56,650	2,912	1,461	1,686			
42,651	42,750	1,688	868	868	49,651	49,750	2,270	1,148	1,247	56,651	56,750	2,921	1,467	1,694			
42,751	42,850	1,696	872	872	49,751	49,850	2,279	1,152	1,253	56,751	56,850	2,930	1,473	1,702			
42,851	42,950	1,704	876	876	49,851	49,950	2,289	1,156	1,259	56,851	56,950	2,940	1,479	1,710			
42,951	43,050	1,712	880	880	49,951	50,050	2,298	1,160	1,265	56,951	57,050	2,949	1,485	1,718			
43,051	43,150	1,720	884	884	50,051	50,150	2,307	1,164	1,271	57,051	57,150	2,958	1,491	1,726			
43,151	43,250	1,728	888	888	50,151	50,250	2,317	1,168	1,277	57,151	57,250	2,968	1,497	1,734			
43,251	43,350	1,736	892	892	50,251	50,350	2,326	1,172	1,283	57,251	57,350	2,977	1,503	1,742			
43,351	43,450	1,744	896	896	50,351	50,450	2,335	1,176	1,289	57,351	57,450	2,986	1,509	1,750			
43,451	43,550	1,752	900	900	50,451	50,550	2,344	1,180	1,295	57,451	57,550	2,995	1,515	1,758			
43,551	43,650	1,760	904	904	50,551	50,650	2,354	1,184	1,301	57,551	57,650	3,005	1,521	1,766			
43,651	43,750	1,768	908	908	50,651	50,750	2,363	1,188	1,307	57,651	57,750	3,014	1,527	1,774			
43,751	43,850	1,776	912	912	50,751	50,850	2,372	1,192	1,313	57,751	57,850	3,023	1,533	1,782			
43,851	43,950	1,784	916	916	50,851	50,950	2,382	1,196	1,319	57,851	57,950	3,033	1,539	1,790			
43,951	44,050	1,792	920	920	50,951	51,050	2,391	1,200	1,325	57,951	58,050	3,042	1,545	1,798			
44,051	44,150	1,800	924	924	51,051	51,150	2,400	1,204	1,331	58,051	58,150	3,051	1,551	1,806			
44,151	44,250	1,808	928	928	51,151	51,250	2,410	1,208	1,337	58,151	58,250	3,061	1,557	1,814			
44,251	44,350	1,816	932	932	51,251	51,350	2,419	1,212	1,343	58,251	58,350	3,070	1,563	1,822			
44,351	44,450	1,824	936	936	51,351	51,450	2,428	1,216	1,349	58,351	58,450	3,079	1,569	1,830			
44,451	44,550	1,832	940	940	51,451	51,550	2,437	1,220	1,355	58,451	58,550	3,088	1,575	1,838			
44,551	44,650	1,840	944	944	51,551	51,650	2,447	1,224	1,361	58,551	58,650	3,098	1,581	1,846			
44,651	44,750	1,848	948	948	51,651	51,750	2,456	1,228	1,367	58,651	58,750	3,107	1,587	1,854			
44,751	44,850	1,856	952	953	51,751	51,850	2,465	1,232	1,373	58,751	58,850	3,116	1,593	1,862			
44,851	44,950	1,864	956	959	51,851	51,950	2,475	1,236	1,379	58,851	58,950	3,126	1,599	1,870			
44,951	45,050	1,872	960	965	51,951	52,050	2,484	1,240	1,385	58,951	59,050	3,135	1,605	1,878			
45,051	45,150	1,880	964	971	52,051	52,150	2,493	1,244	1,391	59,051	59,150	3,144	1,611	1,886			
45,151	45,250	1,888	968	977	52,151	52,250	2,503	1,248	1,397	59,151	59,250	3,154	1,617	1,894			
45,251	45,350	1,896	972	983	52,251	52,350	2,512	1,252	1,403	59,251	59,350	3,163	1,623	1,902			
45,351	45,450	1,904	976	989	52,351	52,450	2,521	1,256	1,409	59,351	59,450	3,172	1,629	1,910			
45,451	45,550	1,912	980	995	52,451	52,550	2,530	1,260	1,415	59,451	59,550	3,181	1,635	1,918			
45,551	45,650	1,920	984	1,001	52,551	52,650	2,540	1,264	1,421	59,551	59,650	3,191	1,641	1,926			
45,651	45,750	1,928	988	1,007	52,651	52,750	2,549	1,268	1,427	59,651	59,750	3,200	1,647	1,934			
45,751	45,850	1,936	992	1,013	52,751	52,850	2,558	1,272	1,433	59,751	59,850	3,209	1,653	1,942			
45,851	45,950	1,944	996	1,019	52,851	52,950	2,568	1,276	1,439	59,851	59,950	3,219	1,659	1,950			
45,951	46,050	1,952	1,000	1,025	52,951	53,050	2,577	1,280	1,445	59,951	60,050	3,228	1,665	1,958			
46,051	46,150	1,960	1,004	1,031	53,051	53,150	2,586	1,284	1,451	60,051	60,150	3,237	1,671	1,966			
46,151	46,250	1,968	1,008	1,037	53,151	53,250	2,596	1,288	1,457	60,151	60,250	3,247	1,677	1,974			
46,251	46,350	1,976	1,012	1,043	53,251	53,350	2,605	1,292	1,463	60,251	60,350	3,256	1,683	1,982			
46,351	46,450	1,984	1,016	1,049	53,351	53,450	2,614	1,296	1,469	60,351	60,450	3,265	1,689	1,990			
46,451	46,550	1,992	1,020	1,055	53,451	53,550	2,623	1,300	1,475	60,451	60,550	3,274	1,695	1,998			
46,551	46,650	2,000	1,024	1,061	53,551	53,650	2,633	1,304	1,481	60,551	60,650	3,284					

2011 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married/RDP Filing Separately) 2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)														
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
61,451	61,550	3,367	1,755	2,078	68,451	68,550	4,018	2,175	2,679	75,451	75,550	4,669	2,595	3,330
61,551	61,650	3,377	1,761	2,086	68,551	68,650	4,028	2,181	2,688	75,551	75,650	4,679	2,601	3,339
61,651	61,750	3,386	1,767	2,094	68,651	68,750	4,037	2,187	2,698	75,651	75,750	4,688	2,607	3,349
61,751	61,850	3,395	1,773	2,102	68,751	68,850	4,046	2,193	2,707	75,751	75,850	4,697	2,613	3,358
61,851	61,950	3,405	1,779	2,110	68,851	68,950	4,056	2,199	2,716	75,851	75,950	4,707	2,619	3,367
61,951	62,050	3,414	1,785	2,118	68,951	69,050	4,065	2,205	2,725	75,951	76,050	4,716	2,625	3,376
62,051	62,150	3,423	1,791	2,126	69,051	69,150	4,074	2,211	2,735	76,051	76,150	4,725	2,633	3,386
62,151	62,250	3,433	1,797	2,134	69,151	69,250	4,084	2,217	2,744	76,151	76,250	4,735	2,641	3,395
62,251	62,350	3,442	1,803	2,142	69,251	69,350	4,093	2,223	2,753	76,251	76,350	4,744	2,649	3,404
62,351	62,450	3,451	1,809	2,150	69,351	69,450	4,102	2,229	2,763	76,351	76,450	4,753	2,657	3,414
62,451	62,550	3,460	1,815	2,158	69,451	69,550	4,111	2,235	2,772	76,451	76,550	4,762	2,665	3,423
62,551	62,650	3,470	1,821	2,166	69,551	69,650	4,121	2,241	2,781	76,551	76,650	4,772	2,673	3,432
62,651	62,750	3,479	1,827	2,174	69,651	69,750	4,130	2,247	2,791	76,651	76,750	4,781	2,681	3,442
62,751	62,850	3,488	1,833	2,182	69,751	69,850	4,139	2,253	2,800	76,751	76,850	4,790	2,689	3,451
62,851	62,950	3,498	1,839	2,190	69,851	69,950	4,149	2,259	2,809	76,851	76,950	4,800	2,697	3,460
62,951	63,050	3,507	1,845	2,198	69,951	70,050	4,158	2,265	2,818	76,951	77,050	4,809	2,705	3,469
63,051	63,150	3,516	1,851	2,206	70,051	70,150	4,167	2,271	2,828	77,051	77,150	4,818	2,713	3,479
63,151	63,250	3,526	1,857	2,214	70,151	70,250	4,177	2,277	2,837	77,151	77,250	4,828	2,721	3,488
63,251	63,350	3,535	1,863	2,222	70,251	70,350	4,186	2,283	2,846	77,251	77,350	4,837	2,729	3,497
63,351	63,450	3,544	1,869	2,230	70,351	70,450	4,195	2,289	2,856	77,351	77,450	4,846	2,737	3,507
63,451	63,550	3,553	1,875	2,238	70,451	70,550	4,204	2,295	2,865	77,451	77,550	4,855	2,745	3,516
63,551	63,650	3,563	1,881	2,246	70,551	70,650	4,214	2,301	2,874	77,551	77,650	4,865	2,753	3,525
63,651	63,750	3,572	1,887	2,254	70,651	70,750	4,223	2,307	2,884	77,651	77,750	4,874	2,761	3,535
63,751	63,850	3,581	1,893	2,262	70,751	70,850	4,232	2,313	2,893	77,751	77,850	4,883	2,769	3,544
63,851	63,950	3,591	1,899	2,270	70,851	70,950	4,242	2,319	2,902	77,851	77,950	4,893	2,777	3,553
63,951	64,050	3,600	1,905	2,278	70,951	71,050	4,251	2,325	2,911	77,951	78,050	4,902	2,785	3,562
64,051	64,150	3,609	1,911	2,286	71,051	71,150	4,260	2,331	2,921	78,051	78,150	4,911	2,793	3,572
64,151	64,250	3,619	1,917	2,294	71,151	71,250	4,270	2,337	2,930	78,151	78,250	4,921	2,801	3,581
64,251	64,350	3,628	1,923	2,302	71,251	71,350	4,279	2,343	2,939	78,251	78,350	4,930	2,809	3,590
64,351	64,450	3,637	1,929	2,310	71,351	71,450	4,288	2,349	2,949	78,351	78,450	4,939	2,817	3,600
64,451	64,550	3,646	1,935	2,318	71,451	71,550	4,297	2,355	2,958	78,451	78,550	4,948	2,825	3,609
64,551	64,650	3,656	1,941	2,326	71,551	71,650	4,307	2,361	2,967	78,551	78,650	4,958	2,833	3,618
64,651	64,750	3,665	1,947	2,334	71,651	71,750	4,316	2,367	2,977	78,651	78,750	4,967	2,841	3,628
64,751	64,850	3,674	1,953	2,342	71,751	71,850	4,325	2,373	2,986	78,751	78,850	4,976	2,849	3,637
64,851	64,950	3,684	1,959	2,350	71,851	71,950	4,335	2,379	2,995	78,851	78,950	4,986	2,857	3,646
64,951	65,050	3,693	1,965	2,358	71,951	72,050	4,344	2,385	3,004	78,951	79,050	4,995	2,865	3,655
65,051	65,150	3,702	1,971	2,366	72,051	72,150	4,353	2,391	3,014	79,051	79,150	5,004	2,873	3,665
65,151	65,250	3,712	1,977	2,374	72,151	72,250	4,363	2,397	3,023	79,151	79,250	5,014	2,881	3,674
65,251	65,350	3,721	1,983	2,382	72,251	72,350	4,372	2,403	3,032	79,251	79,350	5,023	2,889	3,683
65,351	65,450	3,730	1,989	2,391	72,351	72,450	4,381	2,409	3,042	79,351	79,450	5,032	2,897	3,693
65,451	65,550	3,739	1,995	2,400	72,451	72,550	4,390	2,415	3,051	79,451	79,550	5,041	2,905	3,702
65,551	65,650	3,749	2,001	2,409	72,551	72,650	4,400	2,421	3,060	79,551	79,650	5,051	2,913	3,711
65,651	65,750	3,758	2,007	2,419	72,651	72,750	4,409	2,427	3,070	79,651	79,750	5,060	2,921	3,721
65,751	65,850	3,767	2,013	2,428	72,751	72,850	4,418	2,433	3,079	79,751	79,850	5,069	2,929	3,730
65,851	65,950	3,777	2,019	2,437	72,851	72,950	4,428	2,439	3,088	79,851	79,950	5,079	2,937	3,739
65,951	66,050	3,786	2,025	2,446	72,951	73,050	4,437	2,445	3,097	79,951	80,050	5,088	2,945	3,748
66,051	66,150	3,795	2,031	2,456	73,051	73,150	4,446	2,451	3,107	80,051	80,150	5,097	2,953	3,758
66,151	66,250	3,805	2,037	2,465	73,151	73,250	4,456	2,457	3,116	80,151	80,250	5,107	2,961	3,767
66,251	66,350	3,814	2,043	2,474	73,251	73,350	4,465	2,463	3,125	80,251	80,350	5,116	2,969	3,776
66,351	66,450	3,823	2,049	2,484	73,351	73,450	4,474	2,469	3,135	80,351	80,450	5,125	2,977	3,786
66,451	66,550	3,832	2,055	2,493	73,451	73,550	4,483	2,475	3,144	80,451	80,550	5,134	2,985	3,795
66,551	66,650	3,842	2,061	2,502	73,551	73,650	4,493	2,481	3,153	80,551	80,650	5,144	2,993	3,804
66,651	66,750	3,851	2,067	2,512	73,651	73,750	4,502	2,487	3,163	80,651	80,750	5,153	3,001	3,814
66,751	66,850	3,860	2,073	2,521	73,751	73,850	4,511	2,493	3,172	80,751	80,850	5,162	3,009	3,823
66,851	66,950	3,870	2,079	2,530	73,851	73,950	4,521	2,499	3,181	80,851	80,950	5,172	3,017	3,832
66,951	67,050	3,879	2,085	2,539	73,951	74,050	4,530	2,505	3,190	80,951	81,050	5,181	3,025	3,841
67,051	67,150	3,888	2,091	2,549	74,051	74,150	4,539	2,511	3,200	81,051	81,150	5,190	3,033	3,851
67,151	67,250	3,898	2,097	2,558	74,151	74,250	4,549	2,517	3,209	81,151	81,250	5,200	3,041	3,860
67,251	67,350	3,907	2,103	2,567	74,251	74,350	4,558	2,523	3,218	81,251	81,350	5,209	3,049	3,869
67,351	67,450	3,916	2,109	2,577	74,351	74,450	4,567	2,529	3,228	81,351	81,450	5,218	3,057	3,879
67,451	67,550	3,925	2,115	2,586	74,451	74,550	4,576	2,535	3,237	81,451	81,550	5,227	3,065	3,888
67,551	67,650	3,935	2,121	2,595	74,551	74,650	4,586	2,541	3,246	81,551	81,650	5,237	3,073	3,897
67,651	67,750	3,944	2,127	2,605	74,651	74,750	4,595	2,547	3,256	81,651	81,750	5,246	3,081	3,907
67,751	67,850	3,953	2,133	2,614	74,751	74,850	4,604	2,553	3,265	81,751	81,850	5,255	3,089	3,916
67,851	67,950	3,963	2,139	2,623	74,851	74,950	4,614	2,559	3,274	81,851	81,950	5,265	3,097	3,925
67,951	68,050	3,972	2,145	2,632	74,951	75,050	4,623	2,565	3,283	81,951	82,050	5,274	3,105	3,934
68,051	68,150	3,981	2,151	2,642	75,051	75,150	4,632	2,571	3,293	82,051	82,150	5,283	3,113	3,944
68,151	68,250	3,991	2,157	2,651	75,151	75,250	4,642	2,577	3,302	82,151	82,250	5,293	3,121	3,953
68,251	68,350	4,000	2,163	2,660	75,251	75,350	4,651	2,583	3,311	82,251	82,350	5,302	3,129	3,962
68,351	68,450	4,009	2,169	2,670	75,351	75,450	4,660	2,589	3,321	82,351	82,450	5,311	3,137	3,972

Continued on next page.

2011 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married/RDP Filing Separately) 2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
82,451	82,550	5,320	3,145	3,981	88,951	89,050	5,925	3,665	4,585	95,451	95,550	6,529	4,185	5,190
82,551	82,650	5,330	3,153	3,990	89,051	89,150	5,934	3,673	4,595	95,551	95,650	6,539	4,193	5,199
82,651	82,750	5,339	3,161	4,000	89,151	89,250	5,944	3,681	4,604	95,651	95,750	6,548	4,201	5,209
82,751	82,850	5,348	3,169	4,009	89,251	89,350	5,953	3,689	4,613	95,751	95,850	6,557	4,209	5,218
82,851	82,950	5,358	3,177	4,018	89,351	89,450	5,962	3,697	4,623	95,851	95,950	6,567	4,217	5,227
82,951	83,050	5,367	3,185	4,027	89,451	89,550	5,971	3,705	4,632	95,951	96,050	6,576	4,225	5,236
83,051	83,150	5,376	3,193	4,037	89,551	89,650	5,981	3,713	4,641	96,051	96,150	6,585	4,233	5,246
83,151	83,250	5,386	3,201	4,046	89,651	89,750	5,990	3,721	4,651	96,151	96,250	6,595	4,242	5,255
83,251	83,350	5,395	3,209	4,055	89,751	89,850	5,999	3,729	4,660	96,251	96,350	6,604	4,252	5,264
83,351	83,450	5,404	3,217	4,065	89,851	89,950	6,009	3,737	4,669	96,351	96,450	6,613	4,261	5,274
83,451	83,550	5,413	3,225	4,074	89,951	90,050	6,018	3,745	4,678	96,451	96,550	6,622	4,270	5,283
83,551	83,650	5,423	3,233	4,083	90,051	90,150	6,027	3,753	4,688	96,551	96,650	6,632	4,280	5,292
83,651	83,750	5,432	3,241	4,093	90,151	90,250	6,037	3,761	4,697	96,651	96,750	6,641	4,289	5,302
83,751	83,850	5,441	3,249	4,102	90,251	90,350	6,046	3,769	4,706	96,751	96,850	6,650	4,298	5,311
83,851	83,950	5,451	3,257	4,111	90,351	90,450	6,055	3,777	4,716	96,851	96,950	6,660	4,308	5,320
83,951	84,050	5,460	3,265	4,120	90,451	90,550	6,064	3,785	4,725	96,951	97,050	6,669	4,317	5,329
84,051	84,150	5,469	3,273	4,130	90,551	90,650	6,074	3,793	4,734	97,051	97,150	6,678	4,326	5,339
84,151	84,250	5,479	3,281	4,139	90,651	90,750	6,083	3,801	4,744	97,151	97,250	6,688	4,335	5,348
84,251	84,350	5,488	3,289	4,148	90,751	90,850	6,092	3,809	4,753	97,251	97,350	6,697	4,345	5,357
84,351	84,450	5,497	3,297	4,158	90,851	90,950	6,102	3,817	4,762	97,351	97,450	6,706	4,354	5,367
84,451	84,550	5,506	3,305	4,167	90,951	91,050	6,111	3,825	4,771	97,451	97,550	6,715	4,363	5,376
84,551	84,650	5,516	3,313	4,176	91,051	91,150	6,120	3,833	4,781	97,551	97,650	6,725	4,373	5,385
84,651	84,750	5,525	3,321	4,186	91,151	91,250	6,130	3,841	4,790	97,651	97,750	6,734	4,382	5,395
84,751	84,850	5,534	3,329	4,195	91,251	91,350	6,139	3,849	4,799	97,751	97,850	6,743	4,391	5,404
84,851	84,950	5,544	3,337	4,204	91,351	91,450	6,148	3,857	4,809	97,851	97,950	6,753	4,401	5,413
84,951	85,050	5,553	3,345	4,213	91,451	91,550	6,157	3,865	4,818	97,951	98,050	6,762	4,410	5,422
85,051	85,150	5,562	3,353	4,223	91,551	91,650	6,167	3,873	4,827	98,051	98,150	6,771	4,419	5,432
85,151	85,250	5,572	3,361	4,232	91,651	91,750	6,176	3,881	4,837	98,151	98,250	6,781	4,428	5,441
85,251	85,350	5,581	3,369	4,241	91,751	91,850	6,185	3,889	4,846	98,251	98,350	6,790	4,438	5,450
85,351	85,450	5,590	3,377	4,251	91,851	91,950	6,195	3,897	4,855	98,351	98,450	6,799	4,447	5,460
85,451	85,550	5,599	3,385	4,260	91,951	92,050	6,204	3,905	4,864	98,451	98,550	6,808	4,456	5,469
85,551	85,650	5,609	3,393	4,269	92,051	92,150	6,213	3,913	4,874	98,551	98,650	6,818	4,466	5,478
85,651	85,750	5,618	3,401	4,279	92,151	92,250	6,223	3,921	4,883	98,651	98,750	6,827	4,475	5,488
85,751	85,850	5,627	3,409	4,288	92,251	92,350	6,232	3,929	4,892	98,751	98,850	6,836	4,484	5,497
85,851	85,950	5,637	3,417	4,297	92,351	92,450	6,241	3,937	4,902	98,851	98,950	6,846	4,494	5,506
85,951	86,050	5,646	3,425	4,306	92,451	92,550	6,250	3,945	4,911	98,951	99,050	6,855	4,503	5,515
86,051	86,150	5,655	3,433	4,316	92,551	92,650	6,260	3,953	4,920	99,051	99,150	6,864	4,512	5,525
86,151	86,250	5,665	3,441	4,325	92,651	92,750	6,269	3,961	4,930	99,151	99,250	6,874	4,521	5,534
86,251	86,350	5,674	3,449	4,334	92,751	92,850	6,278	3,969	4,939	99,251	99,350	6,883	4,531	5,543
86,351	86,450	5,683	3,457	4,344	92,851	92,950	6,288	3,977	4,948	99,351	99,450	6,892	4,540	5,553
86,451	86,550	5,692	3,465	4,353	92,951	93,050	6,297	3,985	4,957	99,451	99,550	6,901	4,549	5,562
86,551	86,650	5,702	3,473	4,362	93,051	93,150	6,306	3,993	4,967	99,551	99,650	6,911	4,559	5,571
86,651	86,750	5,711	3,481	4,372	93,151	93,250	6,316	4,001	4,976	99,651	99,750	6,920	4,568	5,581
86,751	86,850	5,720	3,489	4,381	93,251	93,350	6,325	4,009	4,985	99,751	99,850	6,929	4,577	5,590
86,851	86,950	5,730	3,497	4,390	93,351	93,450	6,334	4,017	4,995	99,851	99,950	6,939	4,587	5,599
86,951	87,050	5,739	3,505	4,399	93,451	93,550	6,343	4,025	5,004	99,951	100,000	6,946	4,594	5,606
87,051	87,150	5,748	3,513	4,409	93,551	93,650	6,353	4,033	5,013	OVER \$100,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES				
87,151	87,250	5,758	3,521	4,418	93,651	93,750	6,362	4,041	5,023					
87,251	87,350	5,767	3,529	4,427	93,751	93,850	6,371	4,049	5,032					
87,351	87,450	5,776	3,537	4,437	93,851	93,950	6,381	4,057	5,041					
87,451	87,550	5,785	3,545	4,446	93,951	94,050	6,390	4,065	5,050					
87,551	87,650	5,795	3,553	4,455	94,051	94,150	6,399	4,073	5,060					
87,651	87,750	5,804	3,561	4,465	94,151	94,250	6,409	4,081	5,069					
87,751	87,850	5,813	3,569	4,474	94,251	94,350	6,418	4,089	5,078					
87,851	87,950	5,823	3,577	4,483	94,351	94,450	6,427	4,097	5,088					
87,951	88,050	5,832	3,585	4,492	94,451	94,550	6,436	4,105	5,097					
88,051	88,150	5,841	3,593	4,502	94,551	94,650	6,446	4,113	5,106					
88,151	88,250	5,851	3,601	4,511	94,651	94,750	6,455	4,121	5,116					
88,251	88,350	5,860	3,609	4,520	94,751	94,850	6,464	4,129	5,125					
88,351	88,450	5,869	3,617	4,530	94,851	94,950	6,474	4,137	5,134					
88,451	88,550	5,878	3,625	4,539	94,951	95,050	6,483	4,145	5,143					
88,551	88,650	5,888	3,633	4,548	95,051	95,150	6,492	4,153	5,153					
88,651	88,750	5,897	3,641	4,558	95,151	95,250	6,502	4,161	5,162					
88,751	88,850	5,906	3,649	4,567	95,251	95,350	6,511	4,169	5,171					
88,851	88,950	5,916	3,657	4,576	95,351	95,450	6,520	4,177	5,181					

2011 California Volunteer Reference Manual

TaxWise Tips



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Before You Begin

Load the California software onto your computer. Check with your site coordinator regarding site procedures for obtaining software. Once the California software is released by TaxWise, TWO users receive the download automatically.

After obtaining the state software, find the CA 540 Page1 and other CA forms, following the federal forms, located on the "Find a form screen," or in the list of forms on the left side of your screen, in the "tree view."

Desktop users: If there are no state forms, use an active EFIN and download the state software from the Taxwise webpage at **taxwise.com**. A transmitting computer automatically updates with each transmission when updates become available.

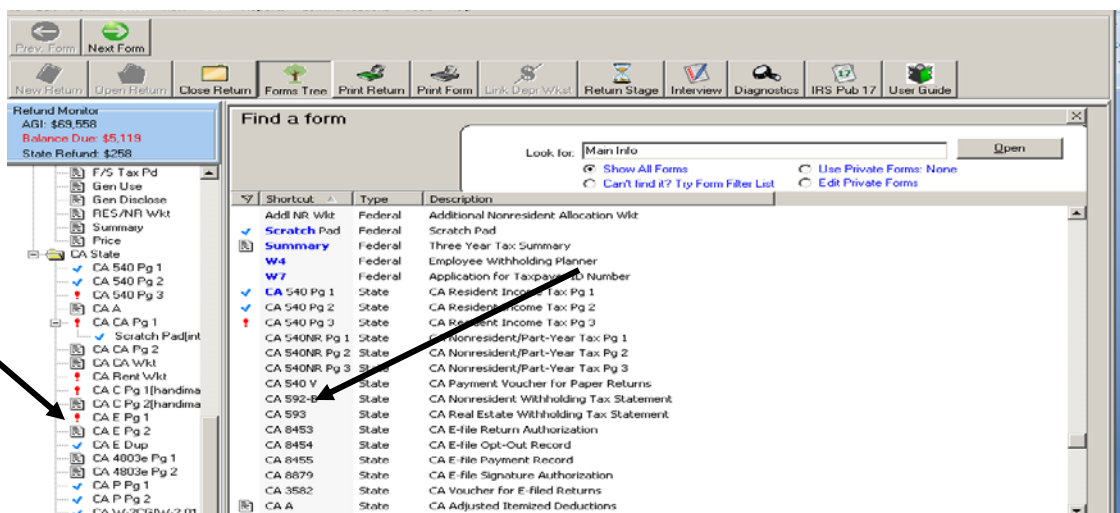
TWO users: If there are no state forms, check to make sure the California software has been released and CA is indicated on the Main Info screen.

California residency must be indicated on the Main Info screen.

STATE INFO: ☒ if no state or fill in state abbreviation below:

Full year resident ☒ CA and ☐ Nonresident ☐ and ☐ Part-year ☐ and ☐

Type of return: ☐ Paper ☐ RAL/ERC/DDR ☒ E-File ONLY ☐ Other



Form 21 Batch 98 Seq # 0 Entry 0 333-33-3331 6/3/2011 2:34 PM In Return: 358 minutes and 8 seconds



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

You must complete your client's federal tax return before you start the California tax return. Use information from W-2s, 1099s, and federal returns to complete the state tax return. Make sure to complete the following forms before beginning the Form 540:

- Main Information Screen.
- Form W2.
- Forms 1099.
- Federal Tax Forms.
- Federal Schedules.
- Any income supporting worksheets and schedules.

California requires that the state ID box on Forms W2, W2-G and 1099R include the employer's state ID number. If any of the forms above have a blank state ID, enter six **0** or six **9** digits in this field. How you complete the income statement determines how Taxwise applies the information based on California tax law.

TaxWise requires that all Forms W2, W2G, and 1099R are complete prior to beginning the state tax form.

16 St	State ID No	17 St Wage	18 St tax	19 Loc Nme	20 Lc Wage	21 Loc Tax
CA	65011111	32000.	989.		0.	0.
		0.	0.		0.	0.

State Disability Insurance

State Disability Insurance (SDI) is an itemized deduction on the federal tax return, but you subtract it from the state itemized deduction amount on Schedule CA (540). By following the instructions below, Taxwise reports SDI correctly for both federal and state purposes.

Many employers enter CA SDI in box 14 of the Form W-2. Do not input this information in box 14 of your screen. There are two options for correct SDI input. Enter SDI amounts in the California W2s Only box at the bottom of the W2 **or** enter the SDI amount in box 19 "Local tax" and the letters "SDI" in box 20 "Local name" (see example screen). **Do not enter SDI twice.** For additional information on SDI and to calculate excess SDI, please see the General Information Section.

Important Note: Box 14 is an information only box and will not correctly calculate the federal itemized deduction.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

File Edit Form View Bank Reports Communications Tools Help

Add Form/Display Form List (Ctrl+F10) Copy W2 (TP-H) (Shift+F10) Remove Form (Shift+F9) Close This Form (F10)

13 Statutory employee Retirement plan Third party sick pay

See instructions below for statutory employee box and line 15.

15 State	State ID number	16 St wages	17 State tax	18 Loc wages	19 Local tax	20 Local name
CA	65011111	32000.	989.	32000.	130.	SDI
		0.	0.	0.	0.	
*		0.	0.	0.	0.	

Instructions for W2

* This line does not e-file with the W2. If you are e-filing this state return, move the state information to another state line.

Box 12: Enter code and amount. Codes D, E, F, G, H, P, Q, R, S, T, and Box 10 transfer to the EIC worksheet automatically. Other nontaxable earned income, which may be listed in Box 14, such as 125 cafeteria plans, check the box next to each amount listed that should be counted for EIC purposes.

Statutory employees
☐ Check if you are going to use Schedules C or CEZ to report this income. This will prevent this W2 from adding into line 7 of page 1 of any 1040 form.
You must go to Schedule C or CEZ and insert the amount.

State exclusion: See state instructions, included with each state, before checking these boxes. Instructions vary by state. Example: Some states will only allow an exclusion for military pay if the employee is stationed out of state.

Important Note: Double check software for accuracy of SDI deduction on federal Schedule A.

File Edit Form Letter View Bank Reports Communications Tools Help

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Refund Monitor
AGI: \$69,558
Balance Due: \$5,119
State Refund: \$258

Add Form/Display Form List (Ctrl+F10) Copy W2 (TP-H) (Shift+F10) Remove Form (Shift+F9) Close This Form (F10)

15 State	State ID number	16 St wages	17 State tax	18 Loc wages	19 Local tax	20 Local name
CA	999999	40,000.	0.	40,000.	150.	SDI
		0.	0.	0.	0.	
		0.	0.	0.	0.	

Instructions for W2

Nontaxable combat pay
Amount excluded from income by reason of section 112 0.

Statutory employees
☐ Check if you are going to use Schedules C or CEZ to report this income. This will prevent this W2 from adding into line 7 of page 1 of any 1040 form.
You must go to Schedule C or CEZ and insert the amount.

State exclusion: See state instructions, included with each state, before checking these boxes. Instructions vary by state. Example: Some states will only allow an exclusion for military pay if the employee is stationed out of state.
Check if this W2 is from: ☐ Military ☐ National Guard

Ministerial income
☐ Check if this W2 is ministerial income and Schedule SE will be used.

California W2s only
See CA instructions. SDI literal: SDI amount: 0.

2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

W2G/California Lottery and Gambling Losses

To exclude California lottery winnings from the state tax return, “X” the State box on W2G. When completed correctly, TaxWise deducts this income on the CA Schedule CA 540, line 21a.

Retund Monitor
Adj: 653.958
Balance Due: \$5,119
State Refund: \$259

US W-2G Certain Gambling Winnings 2010

☒ This W-2G is for the: ☐ Taxpayer ☐ Spouse ☐ Corrected

☐ Check if this W-2G is handwritten, altered, or appears not to be a true W-2G.

Payer's Federal ID number: [REDACTED] 1 Gross winnings: [REDACTED] 2 Federal tax withheld: [REDACTED]

Phone: [REDACTED] Name code: [REDACTED]

Payer's name: [REDACTED] 3 Type of wager: [REDACTED] 4 Date won: [REDACTED]

Payer's care of name (use %) and address: [REDACTED] 5 Transaction: [REDACTED] 6 Race: [REDACTED]

Winner's name and address: [REDACTED] 7 Identical wagers: [REDACTED] 8 Cashier: [REDACTED]

FAX TAXPAYER
2333 33rd st
City, state, zip code, or country: [REDACTED] 9 Winner's ID number: [REDACTED] 10 Window: [REDACTED]

City, state, zip code, or country: [REDACTED] 11 First ID: [REDACTED] 12 Second ID: [REDACTED]

*See F-1 Help on the state return for the use of this box. Instructions vary by state.

☐ State and state ID 14 State tax withheld: [REDACTED]

Gambling losses to be transferred to Schedule A: [REDACTED]

Retund Monitor
Adj: 470.726
Balance Due: \$5,259
State Refund: \$304

CA 540

7 Wages, salaries, tips, etc. 40,000.00
8 Taxable interest income 0.00
9a Ordinary dividends 0.00
9b Qualified dividends 0.00
10 Taxable refunds, credits, offsets of state and local income taxes 0.00
11 Alimony received 0.00
12 Business income or loss 0.00
13 Capital gain or loss 0.00
14 Other gains or losses 0.00
15 Total IRA distributions 0.00
16 Total pension and annuities 0.00
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. 0.00
18 Farm income or loss 0.00
19 Unemployment compensation 0.00
20 Social security benefits 0.00
21 Other income 0.00
22 Total other 0.00

Section B: Adjustments to Income

23 Educator expenses 0.00
24 Certain business expenses of reservists, performing artists, and fee-basis government officials 0.00
25 Health savings account deduction 0.00
26 Moving expenses 0.00
27 One-half of self-employment tax 0.00
28 Self-employed SEP, SIMPLE, and qualified plans 0.00
29 Self-employed health insurance deduction 0.00
30 Penalty on early withdrawal of savings 0.00
31 Alimony paid 0.00
32 IRA deduction 0.00
33 Student loan interest deduction 0.00
34 Tuition and fees 0.00
35 Domestic production activities deduction 0.00

Note: CA Schedule CA 540, Line 21a, Columns A (federal amounts) and B (California subtractions). Example of how a correctly completed W2G creates the CA lottery income adjustment on the California return.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

TaxWise automatically subtracts California lottery losses claimed as a gambling loss on federal Schedule A when the State box on the W2G is checked and the losses are entered on form W2G.

Refund Monitor
AGI: \$70,558
Balance Due: \$5,269
State Refund: \$204

CA Sch CA 540 (2010) Page 2

Name: TAX, TAXPAYER SSN: 999-99-9999

Part II: Adjustments to Federal Itemized Deductions

Check here if you are married filing separate and your spouse itemizes deductions on their California return ☐

38	Federal itemized deductions		1,100
39	Total of Federal Schedule A, line 5; line 7 and line 8 - foreign taxes only		150
	Total amount listed on Schedule A, line 8		0
	Total amount of foreign taxes included in the above amount		0
40	Subtract line 39 from line 38		950
41	Other adjustments including California lottery losses	MEDICAL OTHER MISC	1,800
42	Combine line 40 and line 41		2,850
43	California itemized deductions		2,850
44	Larger of the amount on line 43 or the standard deduction		7,340

This facsimile form is not approved for filing directly to the state.
Print state form using "Print Return" or "Print Current Form".

See TaxWise CA Schedule CA 540, Page 2, line 41, and double check this automatic adjustment. Non-California lottery gambling losses are allowed as an itemized deduction up to the amount of gambling winnings.

Note: California lottery losses are **not** deductible because California lottery winnings are **not** taxable.

1099R Pension and Railroad Retirement Income

Generally, federal and state treat pension income the same. Find additional and more detailed information in the General Information section and FTB Publication 1001, *Supplemental Guidelines to California Adjustments*.

If your client receives a 1099R with tier 1 or tier 2 railroad retirement income, "X" the "Railroad" box on Form 1099R to indicate the taxable income from this 1099R qualifies for subtraction on the CA Schedule CA.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Refund Monitor
AGI: \$70,558
Balance Due: \$5,269
State Refund: \$204

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Add Form/Display Form List (Ctrl+F10) Copy 1099R(TP) (Shift+F10) Remove Form (Shift+F9) Close This Form (F10)

This 1099-R is for the: ☒ Taxpayer ☐ Spouse

☐ Check if this 1099-R is handwritten, altered, or appears not to be a true 1099-R. ☐ Corrected

Payer's ID: [REDACTED]
Name code: [REDACTED]

Payer's name: [REDACTED]
Payer's care of name. Use % for care of: [REDACTED]
Payer's address: [REDACTED]
Payer's Zip code, city, and state: [REDACTED]

Recipient's social security number: 833-33-3331

Recipient's name: TAX TAXPAYER
Recipient's address: 2333 33rd St, SACRAMENTO, CA 95820

1st year of designated Roth contribution: [REDACTED]

Account number (optional): [REDACTED]

See F1 Help on the state return for use of these boxes. Instructions vary by state. Check if applies.

Box 1: [REDACTED]
Box 2: [REDACTED]
Box 3: [REDACTED]
Railroad retirement: ☒

1 Gross (RRB line 7) 20,000
2 Taxable amount 0
3 Capital gain in line 2 0
4 Federal tax withheld 0
5 Employee contributions, Designated Roth contributions or insurance premiums 0
6 Net unrealized appreciation in employer's securities 0
7 Codes IRA / SEP / Simple 8 Other 0.0 %
9a Percentage of total distribution 0.0 %
9b Total employee contributions 0
10 State tax 0
11 State and state ID no. [REDACTED]
12 State distribution 0
13 Local tax 0
14 Locality name [REDACTED]
15 Local distribution 0

Exclusion Worksheet

1 Amount rolled over 0
2 Amount, up to \$100,000, paid directly by the trustee of the IRA to a charitable organization. The donor must have been at least 70 1/2 when the distribution was made 0
3 Amount rolled over into an HSA. This election is irrevocable and can only be done once in the recipient's lifetime 0
4 Retired public safety officers - amount, up to \$3,000, paid directly from a qualified governmental plan to pay health or qualified long-term care insurance for the taxpayer, spouse, or dependents 0
5 Excludable amount due to a tax-free exchange, as calculated in a previous year, or by law, is specifically tax-exempt 0

Enter the locality name, if there is one.

Checking this box causes TaxWise to deduct the income on the CA Schedule CA 540. Note the placement of the taxable portion of railroad retirement benefits located in Column B of the CA Schedule CA 540, line 16.

Form 540, Page 1

Once the federal return is complete and correct, double click on CA 540 Page 1. TaxWise automatically enters most line amounts on Page 1 of the 540. Even without a red error, double check all entries on this page.

Name, SSN, and Address

TaxWise completes this step. Double check the taxpayer's name and address for state purposes. If TaxWise leaves any field blank, check the federal return and the Main Information Sheet. Use the check box to change the California address and to add an apartment number on the California address line.

Note: California addresses with less than 32 characters, including spaces and apartment numbers, do not require the check box described above.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Note: How to change address information on the state return.

The screenshot shows the TaxWise 2010 software interface. The main window displays the CA 540 California Resident Income Tax form for the year 2010. The form is titled "CA 540 California Resident Income Tax 2010". It includes fields for Name, Spouse / RDP / SSMC, Taxpayer date of birth, Spouse date of birth, Federal return attachment required, and various checkboxes for filing status and exemptions. The form is partially filled out with sample data. An arrow points to the "Address" field, and another arrow points to the "Federal return attachment required" checkbox.

Form 540, Page 2 Filing Status

TaxWise completes this step. State filing status must be the same as the filing status on the federal tax return. See the General Information section for exceptions. Call the FTB Volunteer Hotline, **800.522.5665**, for information on Registered Domestic Partners or nonresident spouse.

Important Note: State filing status and exemption credits must be the same as used on the federal return.

Exemptions

TaxWise completes this step. The number of state exemption credits must be the same as the number of exemption credits on the federal return.

Federal and state treat exemption credits differently. TaxWise automatically calculates exemption credits from information entered on the Interview Worksheet, Main Info screen, and federal Form 1040. State exemption credits decrease actual tax. Federal exemption credits decrease taxable income.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

California gives additional credits to individuals over the age of 65 or blind. If both spouses on a tax return are over age 65 or blind they receive two additional exemption credits. When a client claims the blindness exemption for the first time, attach a physician's statement to the back of the paper tax return and e-file clients keep the physician's statement with their records. FTB may send a letter requesting the statement. See the General Information section for more detail and the definition of visual impairment.

The definition of a dependent for California purposes is the same as federal.

Exemptions

Exemption	Amount
Personal	99.
Blind	99.
Senior	99.
Blind Dependent	99.

Taxable Income

Line	Description	Amount
12	State wages from Forms W-2, box 16	40,000.
13	Federal adjusted gross income	70,558.
14	California adjustments - subtractions	24,793.
15	Subtract line 14 from line 13	45,765.
16	California adjustments - additions	0.
17	California adjusted gross income	45,765.
18	Larger of California standard deduction or California itemized deductions	7,340.
19	Taxable income. If less than zero, enter zero	38,425.

Tax

Line	Description	Amount
31	Tax. Check if from: <input checked="" type="checkbox"/> Tax table <input type="checkbox"/> Tax rate schedule <input type="checkbox"/> FTB 3800 <input type="checkbox"/> FTB 3803	814.
32	Exemption credits	396.
33	Subtract line 32 from line 31. If less than zero, enter zero	418.
34	Tax. <input type="checkbox"/> From Schedule G-1 <input checked="" type="checkbox"/> Form FTB 5870A	0.
35	Add line 33 and line 34	418.

Special Credits

Line	Description	Amount
41	New jobs credit, amount generated	0.
42	New jobs credit, amount claimed	0.
43	Credit name: NEW HOME code no: 021 amount	418.
44	Credit name: code no: 0 amount	0.
45	Other credits, if more than two claimed	0.
46	Nonrefundable renter's credit	0.
47	Total credits	418.
48	Subtract line 47 from line 35. If less than zero, enter zero	0.

Other Taxes

Line	Description	Amount
61	Alternative minimum tax. Attach Schedule P	0.
62	Mental Health Services Tax	0.
63	Other taxes and credit recapture	0.
64	Total tax	0.

Payments

Line	Description	Amount
65	Payments	0.

Example: One personal exemption, one senior exemption, one blind exemption, and one dependent exemption, total of four exemptions. Notice that TaxWise carries over all exemption and dependent information, including name, from the Interview Worksheet or Main Information Screen.

Taxable Income

TaxWise completes most of this step. Notice that most of the line amounts are yellow. This means TaxWise calculates the field. However, it is vitally important that you review each line to make sure the information transfers correctly from the federal tax return.

If the tax return shows a California adjustment for line 14 or line 16, double check CA Schedule CA 540 for accuracy. Press F9 with the cursor on line 14 to link to the CA Schedule CA 540. Do not try to link from the CA Schedule CA 540.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

When you see an amount on line 14 or line 16 of the Form 540, Page 2, always open the CA Schedule CA 540 and double-check the adjustments.

Refund Monitor
AGI: \$70,558
Balance Due: \$4,919
State Refund: \$204

CA 540 Pg 2

4 ☒ Head of household
5 ☐ Qualifying widow(er) Year spouse / RDP died: 0
☐ Check here if your California filing status is different from your Federal filing status.

Exemptions

6 If someone can claim you (or your spouse / RDP / SSMC) as a dependent, check here ☐
7 Personal ☐ x \$99 = 99.
8 Blind ☐ x \$99 = 99.
9 Senior ☐ x \$99 = 99.
10 Total dependent exemptions ☐ x \$99 = 99.
11 Exemption amount CHILD DEPEND 396.

Taxable Income

12 State wages from Forms W-2, box 16 40,000.
13 Federal adjusted gross income 70,558.
14 California adjustments - subtractions 24,793.
15 Subtract line 14 from line 13 45,765.
16 California adjustments - additions 0.
17 California adjusted gross income 45,765.
18 Larger of California standard deduction or California itemized deductions 7,340.
19 Taxable income. If less than zero, enter zero 38,425.

Tax

31 Tax. Check if from ☒ Tax table ☐ Tax rate schedule ☐ FTB 3800 ☐ FTB 3803 814.
32 Exemption credits 396.
33 Subtract line 32 from line 31. If less than zero, enter zero 418.
34 Tax ☐ From Schedule G-1 ☐ Form FTB 5870A 0.
35 Add line 33 and line 34 418.

Special Credits

44 Marital deduction 0.

By default, TaxWise selects Form 1040 as the form to be filed. When you have entered all the information for this return, TaxWise shows you at the top of the Main Information Sheet whether the return qualifies to be filed on 1040A or 1040EZ.

CA Schedule CA 540 Adjustments

California does not tax certain types of income that may be taxable on the federal return. You must complete a CA Schedule CA 540 (See CA CA Page 1 on the forms tree) when there are differences in income taxability between federal and state. Even though TaxWise automatically figures most of these adjustments for you, it is still very important that you check to make sure all adjustments are correct. Find differences between federal and state tax law in the Introduction and General Information section of this manual and in FTB Publication 1001, *Supplemental Guidelines to California Adjustments*.

Form 540, Page 2, line 14 includes all income taxable on the federal return and not taxable by California. Line 14 is always the same as the figure calculated on line 37, column B, on the CA Schedule CA 540. Line 14 decreases taxable income.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

California does not tax:

- State income tax refunds from any state.
- Unemployment compensation/paid Family Medical Leave.
- Social security benefits.
- Tier 1 and tier 2 railroad retirement benefits.
- California Lottery.
- Interest earned from U.S. Savings bonds, U.S. Treasury Bills, or any other bonds of the U.S. and U.S. territories.

Line 16 includes all income that is nontaxable on the federal tax return but is taxable by California. The amount on line 16, Form 540, Page 2 is always the same as the amount on CA Schedule CA 540, line 37, column C. Line 16 increases taxable income.

California does tax:

- Foreign earned income or foreign social security.
- Interest income from bonds issued by a state other than California.
- Interest income from municipal bonds issued by a county, city, town, or other local government unit in a state other than California.
- Interest income from obligations of the District of Columbia issued after December 27, 1973.

Line 7 Wages, Salaries, Tips, Etc.

Generally, do not make any adjustments on this line. Some exceptions include employer HSA contributions and certain American Indian tribal income. For additional information see the Form 540/540A Booklet and FTB Publication 1001, *Supplemental Guidelines to California Adjustments*. Directly enter allowable exceptions on line 7.

Line 8 Taxable Interest Income

The most common type of interest you calculate is simple interest from a taxpayer's checking or savings account. For example, to adjust savings bond interest, TaxWise automatically makes this adjustment when you enter the correct information.

2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

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Refund Monitor
AGI: \$70,558
Balance Due: \$4,919
State Refund: \$204

Add Form/Display Form List (Ctrl+F10) Copy This Form (Shift+F10) Remove Form (Shift+F9) Close This Form (F10)

US Schedule B Interest and Ordinary Dividends 2010

Name: **TAX TAXPAYER** SSN: **833-33-3331**

Part I: Interest

1a Seller-financed mortgages

Interest income from seller-financed mortgages and the buyer used the property as a personal residence. Show the buyer's name, address, and social security number.

Name	ID number	Amount
Address:		\$0

State information for seller-financed mortgage interest

Joint amount	Spouse amount
\$0	\$0

Other interest

Payer. If the payer is a brokerage firm, list the firm's name as the payer.

	Amount
b	\$0
c	\$0
d	\$0
e	\$0
f	\$0
* g	\$0
*The interest from Schedules K-1 transfers to line g. If you are using the interest statement, check here <input type="checkbox"/> AND manually enter \$0 for the taxpayer and \$0 for the spouse on the statement as K-1 interest.	
Subtotal	\$0
These amounts reduce taxable interest income.	
Noninterest distributions (N)	\$0
Accrued interest (A)	\$0
OID adjustments (O)	\$0

Open the federal Schedule B. Highlight the "Amount" column, hit F9, and click "Interest Statement" or right click and choose "Link," then "Interest Statement."

[illegible]

Designate interest income entries on federal Schedule B interest statement, State Adjust Amount column, with a "+" for interest that needs to be added to the state and is exempt from tax on the federal tax return. Place a "-" in the column for interest nontaxable to the state but taxable on the federal tax return. TaxWise automatically transfers this addition or subtraction amount to the CA Schedule CA 540, line 8, in the appropriate state adjustment column. Column B entries identify income nontaxable to California but taxable to federal. Column C entries identify income taxable to California but nontaxable to federal.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Line 9 Ordinary Dividends

Enter dividend income on the federal Schedule B, Part II – Ordinary Dividends. If your client has California adjustments for dividend income, TaxWise automatically makes this adjustment from information entered on the Dividend Income Worksheet.

The screenshot shows the TaxWise software interface. The left-hand navigation pane lists various forms, including 'Sch B'. The main window displays the 'Part II: Ordinary Dividends' section. The form includes a table for entering dividend information with columns for 'a' through 'j' and an 'Amount' column. An arrow points to the 'Amount' column. The form also includes instructions for qualified dividends and nominee distributions.

Use the same procedure on the Ordinary Dividends section as you do for the Interest Statement. Link from the amount column and choose Dividend Statement.

The screenshot shows the TaxWise software interface with the 'Entry Links: Sch B - Interest and Ordinary Dividend Income' dialog box open. The dialog box contains a list of links, including 'Go to an Existing Link', 'Dividend Stmt - Schedule B Line 5 Dividend Income', 'Create Link to a New Form', 'NEW Dividend Stmt - Schedule B Line 5 Dividend Income', and 'NEW Scratch Pad'. The 'Dividend Stmt - Schedule B Line 5 Dividend Income' link is highlighted. The 'OK' button is visible at the bottom of the dialog box.

Highlight Dividend Statement and click "OK."



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Designate dividend income entries with a "+" for dividend income exempt from federal tax but taxable on the state tax return. Place a "-" in the column for dividend income nontaxable to California but taxable on the federal tax return. TaxWise transfers this addition or subtraction amount on the CA Schedule CA 540, line 9, in the appropriate state adjustment column. Find more information about dividends in the General Information section.

TaxWise correctly calculates the dividend income amount taxable to California when the "Dividend Income Statement" is complete. For exempt interest dividends from mutual funds, please see the General Information section.

Line 10 State Tax Refund

TaxWise automatically transfers any state tax refund amount to CA Schedule CA 540, line 10, column B, from information entered on the State Tax Refund Worksheet. You need the amount of the refund, the amount of itemized deductions from the prior year, and the prior year AGI.

Double-check CA Schedule CA 540, line 13, for capital gain and loss accuracy. In some instances, TaxWise requires a CA Schedule D to correctly calculate taxability of dividend income and capital losses found on the federal tax return.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Line 13 Capital Gain (or Loss)

If your client reports a Capital Loss Carryover on the federal tax return, TaxWise adds the carryover back on the state tax return as an addition to income.

CA Sch CA (540) Resident Adjustments 2010

Name: TAX TAXPAYER SSN: 333-33-3331

Part I: Income Adjustment Schedule

Check here ☐ after you have verified the amounts on this form.

Section A: Income

	Federal amounts	Subtractions	Additions
7 Wages, salaries, tips, etc.	42,000.00	0.00	0.00
8 Taxable interest income	0.00	0.00	25,000.00
9a Ordinary dividends	0.00	0.00	0.00
b Qualified dividends	0.00	0.00	0.00
10 Taxable refunds, credits, offsets of state and local income taxes	0.00	0.00	0.00
11 Alimony received	0.00	0.00	0.00
12 Business income or loss	2,000.00	0.00	0.00
13 Capital gain or loss	-3,000.00	0.00	3,000.00
14 Other gains or losses	0.00	0.00	0.00
15 Total IRA distributions	0.00	0.00	0.00
16 Total pension and annuities	30,000.00	10,000.00	0.00
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	4,116.00	5,493.00	0.00
18 Farm income or loss	0.00	0.00	0.00
19 Unemployment compensation	0.00	0.00	0.00
20 Social security benefits	19,000.00	15,300.00	15,300.00
21 Other income	17,000.00	1,000.00	0.00
a California lottery winnings		1,000.00	0.00
b Disaster loss carryover from FTB 3805V		0.00	0.00
c Federal NOL from Form 1040, line 21		0.00	0.00
d NOL carryover from FTB 3805V		0.00	0.00
e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809		0.00	0.00
f Other		0.00	0.00
Total other		0.00	0.00
22 Total	71,416.00	21,793.00	28,000.00

Section B: Adjustments to Income

23 Educator expenses	0.00	0.00	
24 Certain business expenses of reservists, performing artists, and fee-basis government officials	0.00	0.00	80,000.00
25 Health savings account deduction	0.00	0.00	0.00
26 Moving expenses	0.00	0.00	
27 One-half of self-employment tax	0.00	0.00	
28 Self-employed SEP, SIMPLE, and qualified plans	0.00	0.00	
29 Self-employed health insurance deduction	1,858.00		

Type the amount of the carryover that belongs to the spouse. TaxWise does not use this amount on Schedule D, but does use it on the state return, if applicable, and on the MFJ-MFS worksheet.

Form 2515 Batch 1 Seq # 0 Any Chars 333-33-3331 6/8/2011 4:21 PM In Return: 608 minutes and 0 seconds

Watch for Capital Loss Carryovers added back into the California return.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

To remove the Capital Loss Carryover as an addition (column C of CA Schedule CA 540), open the CA Schedule D and enter the Capital Loss Carryover amount as a negative number on line 6. This forces TaxWise to include the carryover on the state tax return, and removes the addition from the CA Schedule CA 540.

Refund Monitor
AGI: \$67,558
Balance Due: \$4,163
State Refund: \$258

CA Sch D Capital Gain or Loss Adjustment 2010
Name: TAX, TAXPAYER SSN: 333-33-3331

Sales using California law
Line 1a is the total of short and long-term capital sales from the Federal return. If you have different California amounts, override the "Cost" column to show the total of your different basis adjustments. Line 1b calculates differences between Form 4797 and CA D1. Line 1c includes "same as Federal" amounts from Schedule D, line 11, and CA 3805E. Line 1d is reserved for Section 18152.5 exclusion. Section 1202 amounts in line 1a can be adjusted by Section 18152.5. Enter the sale price and cost to accurately state the gain / loss of this adjustment (see instructions). Line 2 calculates from California K-1s "Total amount" column (see instructions on CA K-1s). Line 3 calculates "same as Federal" capital gains from Federal Schedule B and the "CA elected" capital gains from CA form 3803.

Description of property	Sales price	Cost	Loss	Gain
1a	0.	0.	0.	0.
b	0.	0.	0.	0.
c	0.	0.	0.	0.
d	0.	0.	0.	0.
2 Net gain or loss shown on California Schedule(s) K-1			0.	0.
3 Capital gain distributions				0.
4 Total 2010 gains from all sources				0.
5 2010 loss			-3,000.	
6 California capital loss carryover from 2009, if any - enter as negative			-3,000.	
7 Total 2010 loss			-3,000.	
8 Combine line 4 and line 7				-3,000.
9 If line 8 is a loss, smaller of the loss on line 8 or \$3,000 (\$1,500 if married or an RDP filing a separate return)				3,000.
10 Amount from Federal Form 1040, line 13				-3,000.
11 California gain from line 8 or loss from line 9				-3,000.
12a Subtraction for Schedule CA				0.
b Addition for Schedule CA				0.

This facsimile form is not approved for filing directly to the state.
Print state form using "Print Return" or "Print Current Form".

Type the amount of the carryover that belongs to the spouse. TaxWise does not use this amount on Schedule D, but does use it on the state return, if applicable, and on the MFJ-MFS worksheet.

Form 2522 Batch 34 Seq # 320 Dollars 333-33-3331 6/8/2011 4:34 PM In Return: 620 minutes and 46 seconds

Line 15 Total IRA Distributions

Enter the amount, if any, of your client's California basis. In general, the federal and state tax IRA distributions the same. Differences occur when contributions were made during 1975, or 1982 through 1986. To calculate the difference in basis between federal and state, your client provides records detailing the contribution amounts made and deductions taken for the years above. Find an IRA adjustment worksheet in the General Information section of this manual. Find more information in FTB Publication 1005, *Pension and Annuity Guidelines*.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

CA Sch CA (540) Resident Adjustments 2010

Name: TAX TAXPAYER SSN: 333-33-3331

Part I: Income Adjustment Schedule

Check here ☐ after you have verified the amounts on this form.

Section A: Income

	Federal amounts	Subtractions	Additions
7 Wages, salaries, tips, etc.	42,000.	0.	0.
8 Taxable interest income	0.	0.	25,000.
9 Ordinary dividends	0.	0.	0.
10 Qualified dividends	0.	0.	0.
11 Taxable refunds, credits, offsets of state and local income taxes	0.	0.	0.
12 Alimony received	0.	0.	0.
13 Business income or loss	2,000.	0.	0.
14 Capital gain or loss	-3,000.	0.	0.
15 Other gains or losses	0.	0.	0.
16 Total pension and annuities	30,000.	1,000.	0.
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	4,116.	5,493.	0.
18 Farm income or loss	0.	0.	0.
19 Unemployment compensation	0.	0.	0.
20 Social security benefits	18,000.	15,300.	15,300.
21 Other income	1,000.	1,000.	0.
a California lottery winnings			0.
b Disaster loss carryover from FTB 3805V			0.
c Federal NOL from Form 1040, line 21			0.
d NOL carryover from FTB 3805V			0.
e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809			0.
f Other			0.
22 Total	71,416.	22,793.	25,000.

Section B: Adjustments to Income

23 Educator expenses	0.	0.	0.
24 Certain business expenses of reservists, performing artists, and fee-basis government officials	0.	0.	30,000.
25 Health savings account deduction	0.	0.	0.
26 Moving expenses	0.	0.	0.
27 One-half of self-employment tax	0.	0.	0.
28 Self-employed SEP, SIMPLE, and qualified plans	0.	0.	0.
29 Self-employed health insurance deduction	1,858.	0.	0.

If the client's 1099-R does not show the taxable amount, you may be required to use the Simplified Method to figure the taxable part. You must use the Simplified Method if either of the following applies:

Form 2515 Batch 79 Seq # 955 Dollars 333-33-3331 6/9/2011 8:48 AM In Return: 631 minutes and 3 seconds

Complete the IRA Adjustment Worksheet, based on the clients' records, and override (F8) the subtraction column, CA Schedule CA 540, to enter the amount of nontaxable IRA California basis. **If the client does not provide records, do not make the adjustment.**

Line 16 Total Pensions and Annuities

California and federal law generally treat pension and annuity income the same. If your client receives a 1099R with railroad tier 1 or tier 2 income, check the General Information section, FTB Publication 1005, *Pension and Annuity Guidelines* and the example 1099R in this section for additional information.

California treats railroad retirement, tier 1 and tier 2, income similarly to social security income. Any federally taxable tier 2 income listed on Schedule CA, line 16, column A, also needs to be entered on line 16, column B. Tier 1 railroad retirement income is entered on the TaxWise form 1040 Wkt 1. TaxWise automatically completes CA Schedule CA 540, line 20, columns A and B, correctly.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Refund Monitor
AGI: \$71,808
Balance Due: \$5,232
State Refund: \$204

CA Sch CA (540) Resident Adjustments 2010
Name: TAX TAXPAYER SSN: 333-33-3331

Part I: Income Adjustment Schedule
Check here ☒ after you have verified the amounts on this form.

Section A: Income

	Federal amounts	Subtractions	Additions
7 Wages, salaries, tips, etc.	42,000.	0.	0.
8 Taxable interest income	0.	0.	25,000.
9a Ordinary dividends	0.	0.	0.
9b Qualified dividends	0.	0.	0.
10 Taxable refunds, credits, offsets of state and local income taxes	0.	0.	0.
11 Alimony received	0.	0.	0.
12 Business income or loss	2,000.	0.	0.
13 Capital gain or loss	-3,000.	0.	0.
14 Other gains or losses	0.	0.	0.
15 Total IRA distributions	0.	0.	0.
16 Total pension and annuities	30,000.	1,000.	0.
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	4,116.	5,493.	0.
18 Farm income or loss	0.	0.	0.
19 Unemployment compensation	0.	0.	0.
20 Social security benefits	23,000.	19,550.	0.
21 Other income	1,000.	0.	0.
a California lottery winnings	0.	1,000.	0.
b Disaster loss carryover from FTB 3805V	0.	0.	0.
c Federal NOL from Form 1040, line 21	0.	0.	0.
d NOL carryover from FTB 3805V	0.	0.	0.
e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809	0.	0.	0.
f Other:	0.	0.	0.
Total other	0.	0.	0.
22 Total	75,666.	27,043.	25,000.

Line 20 Social Security Benefits

TaxWise automatically deducts the federally taxable social security income amount listed on Form 1040, line 20(b) in column B, CA Schedule CA 540.

Line 21 Other Income California Lottery

TaxWise deducts California lottery winnings on the CA Schedule CA 540, column B. Reference the Taxwise example and instructions for W2G provided in this section.

Nonqualified HSA Distributions

Distributions from an HSA not used for qualified medical expenses, and included in federal income, are not taxable for California purposes. On CA Schedule CA 540, direct enter on line 21f, a description of the income type (ex: Nonqual HSA) and in column B, the amount of federally taxable distribution.

For additional information on line 21f income, reference the 540/540A Instruction Booklet, FTB Publication 1001, *Supplemental Guidelines to California Adjustments*, and the 540 section of this manual.

CA Schedule CA 540 – Part II

California itemized deductions differ from federal itemized deductions. California disallows any deduction of state or foreign taxes, sales tax, or SDI.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Once you complete the CA Schedule CA 540, check the box at the top of the TaxWise form stating that you verify the amounts on the form.

Form 540 Page 1 Tax Section

TaxWise completes this step. TaxWise calculates this figure using information entered on the federal tax return, the Form(s) W2 and 1099, and income worksheets completed by the preparer.

Form 540 Page 2 Special Credits and Nonrefundable Renter's Credit

This step contains several lines that will not carry over from the federal tax return. For more information on California credits reference the General Information and 540 sections in this manual and the 540/540A Instruction Booklet.

Line 43 and Line 44 Credits

To claim the Joint Custody Head of Household Credit:

1. Highlight line 43 on Form 540.
2. F9 to link.
3. Choose CA Sch P, Page 2. Locate Joint Custody Head of Household credit.
4. Manually enter amount of credit from worksheet in 540 Section of this manual.
5. TaxWise transfers the credit name and amount from CA Sch P to line 43.

To locate credit name abbreviations and credit code numbers, highlight line 43 and F1 to link. Choose CA Codes and then California Credit Names and Codes in the drop down box.

Line 46 Nonrefundable Renter's Credit

The Nonrefundable Renter's Credit is one of the few line items that is not automatic for TaxWise. You must remember to ask your client if they qualify. If the taxpayer meets the requirements, complete the renter's credit worksheet.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

To claim the credit:

- Check “Yes” to the question regarding rent on Form 540, Page 1.
- Find the Nonrefundable Renter’s Credit worksheet in the Forms Tree and answer completely. Make sure to complete all fields highlighted red.
- The form asks for landlord’s name, address, and phone number. For e-file tax returns, the taxpayer may provide either name and address or name and telephone number. Advise the taxpayer to have the information available if they receive a letter from FTB.

Checking the “No” box will prevent TaxWise from placing the Nonrefundable Renter’s Credit worksheet in the Forms Tree. Check the box “No” when:

- The California adjusted gross income, Form 540, line 17, exceeds the allowable income limit for the credit.
- Before applying withholding, there is zero tax owed on the California tax return.
- The client does not meet any other credit qualifications.

After completing the worksheet, TaxWise enters the appropriate amount for your clients’ filing status. Although you can manually enter the amount of renter’s credit on Form 540, use the worksheet to eliminate the most common qualification errors.

Renter’s Credit Qualifications

- Income less than \$35,659 if single or married/RDP filing separately.



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- Income less than \$71,318 or less if married/filing RDP filing jointly, head of household, or qualifying widow(er).
- Pay rent on a principal residence in California for 6 months or more during 2011.
- The county assesses property tax on the residence.

TaxWise automatically enters the correct amount of credit according to your clients' filing status and tax amount. If you need to make a change to the tax return after calculating the credit, completion of the Renter's Credit Worksheet allows the software to recalculate the credit based on changes made.

Refund Monitor
AGI: \$35,000
Refund: \$667
State Refund: \$933

212 State wages from Forms W-2, box 16 157,000
213 Federal adjusted gross income 60,000
214 California adjustments - subtractions 0
215 Subtract line 14 from line 13 60,000
216 California adjustments - additions 0
217 California adjusted gross income 60,000
218 Larger of California standard deduction or California itemized deductions 7,340
219 Taxable income. If less than zero, enter zero 52,660

Tax

31 Tax. Check if from ☒ Tax table ☐ Tax rate schedule ☐ FTB 3800 ☐ FTB 3803 1,422
32 Exemption credits 196
33 Subtract line 32 from line 31. If less than zero, enter zero 1,224
34 Tax ☐ From Schedule G-1 ☒ Form FTB 5870A 0
35 Add line 33 and line 34 1,224

Special Credits

41 New jobs credit, amount generated 0
42 New jobs credit, amount claimed 0
43 Credit name OTHER STATE code no 187 amount 37
44 Credit name code no 0 amount 0
45 Other credits, if more than two claimed 0
46 Nonrefundable renter's credit 120
47 Total credits 157
48 Subtract line 47 from line 35. If less than zero, enter zero 1,067

Other Taxes

61 Alternative minimum tax. Attach Schedule P 0
62 Mental Health Services Tax 0
63 Other taxes and credit recapture From: 0
64 Total tax 1,067

Payments

71 California income tax withheld 2,000
If withholding is present from a 1099 other than a 1099R, indicate the type of 1099 here
State withholding, other than from Forms 592-B, 593, or 594, not included on any Federal forms 0
72 2010 California estimated tax and other payments 0
Enter amount paid with extension here 0
73 Real estate or other withholding from Forms 592-B and 593 0
74 Excess SDI or VPD 0

If the amount on line 46 is incorrect, double check the information below:

- Mark "Yes" on Form 540, Page 1.
- Clear all red errors on the Nonrefundable Renter's Credit Worksheet?

2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

- Enter the total number of months rented on the worksheet.
- Double-check your client's California adjusted gross income.
- Is your client's tax amount less than the credit amount?

To claim other California credits, follow the instructions for the Joint Custody Head of Household credit, and substitute the credit name, code, and worksheet as appropriate.

Other Taxes

TaxWise completes this step based on code information from the 1099R. Line 63, Other Taxes, shows the amount of additional tax California assesses on retirement plan income issued to a client prior to age 59½.

Payments

TaxWise completes this step. If no withholding is shown on line 71, or you disagree with the amount, the employer makes the correction for Form W2, 1099, and other supporting forms. If the taxpayer made 2011 CA estimated tax payments, complete the TaxWise worksheet F/S Tax Pd.

[illegible]



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Form 3506 Child and Dependent Care Expenses Credit

Reference the Introduction section of this manual for new information on this credit. The TaxWise CA 3506 comes pre-filled with information TaxWise transfers from the federal child and dependent care form. California requires completion of Part I. A provider telephone number is mandatory to claim the credit.

CA 3506 Child and Dependent Care Expenses Credit 2010

Name: **TAX TAXPAYER** SSN: **833-33-3331**

Only care provided in California qualifies for the credit. If any part of the care is not provided in California, you must manually remove or alter the care provider information and qualifying person information to reflect only the amounts paid for care in California.

Was all care provided in California? ☒ Yes ☐ No

If the Federal adjusted gross income is more than \$100,000, you do not qualify for this credit.

Part I: Unearned Income and Other Funds Received in 2010

Source of income / funds	Amount	Source of income / funds	Amount
INTEREST	0.00		0.00
	0.00		0.00

Part II: Persons or Organizations Who Provided the Care in California

	Provider 1	Provider 2
a. Name	LOCAL YOGEL	
b. Care provider's address	2222 22ND ST	
City, state, ZIP code	SACRAMENTO CA 95812	
c. Telephone number	916-247-6972	
d. Person or organization	<input checked="" type="checkbox"/> Person <input type="checkbox"/> Organization	<input type="checkbox"/> Person <input type="checkbox"/> Organization
e. SSN or EIN	945898565	
f. Address where care was provided	2222 22ND ST	
City, state, ZIP code	SACRAMENTO CA 95812	
g. Amount paid for care	3,000.00	0.00

Part III: Credit for Child and Dependent Care Expenses

Qualifying person's name		Social security number	Died this year	Date of birth	Dis-abled	Percent of physical custody	Qualified expenses paid
First name	Last name						
CHILD	DEPENDENT	223-22-2222	<input type="checkbox"/>	05/11/2000	<input type="checkbox"/>	100.00	3,000.00
			<input type="checkbox"/>		<input type="checkbox"/>	0.00	0.00
			<input type="checkbox"/>		<input type="checkbox"/>	0.00	0.00

3. Total qualified expenses but not more than \$3,000 for one qualifying person or \$6,000 for two or more qualifying persons. If you completed Part V, amount from line 34: **3,000.00**

4. Your earned income: **45,000.00**

Nonresident and part-year resident earned income - FB to change: **0.00**

6. If married or an RDP filing a joint return, your spouse's / RDP's earned income, all: **0.00**

By default, TaxWise selects Form 1040 as the form to be filed. When you have entered all the information for this return, TaxWise shows you at the top of the Main Information Sheet whether the return qualifies to be filed on 1040A or 1040EZ. When you select 1040A or 1040EZ, TaxWise automatically transfers the needed

California also requires the client to state the address where child care was provided and the client's percentage of physical custody for the child or dependent. Input this information and the provider telephone number in FTB 3506, *Child and Dependent Care Expenses Credit*, Part II. Never submit a volunteer prepared tax return without this important information.

Overpaid Tax or Tax Due

TaxWise completes this step.

Contributions

Enter the amount of charitable contributions your client wants to deduct from the refund, if any.

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Refund or Amount You Owe

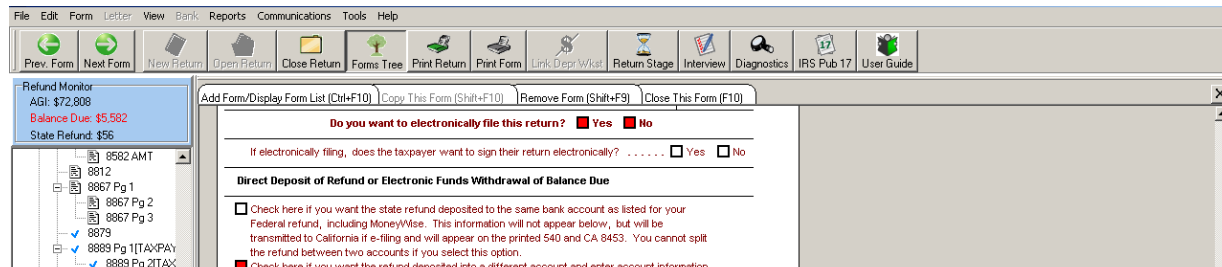
TaxWise figures the amount of refund or balance due. Line down to check all calculations.

Interest and Penalties

TaxWise figures the amounts of interest and penalties. Delete all penalties. Penalties and interest are beyond the scope of the VITA/TCE program. Inform your clients' that Franchise Tax Board computes the penalties and sends a bill.

Do You Want to File This Form Electronically?

You will find this question on all forms 540, Page 3. Check the "Yes" box if you are going to electronically file for state. If electronically filing, does the taxpayer want to sign their tax return electronically? Check the "Yes" box. These two options should be set as a default by the site coordinator.



The screenshot shows the TaxWise software interface. On the left is a 'Refund Monitor' panel with a tree view of forms: 6502 AMT, 8812, 8867 Pg 1, 8867 Pg 2, 8867 Pg 3, 8879, 8899 Pg 1 ITAXPAY, and 8899 Pg 2 ITAX. The main window displays the question 'Do you want to electronically file this return?' with radio buttons for 'Yes' and 'No'. Below this is another question: 'If electronically filing, does the taxpayer want to sign their return electronically?' with radio buttons for 'Yes' and 'No'. A section titled 'Direct Deposit of Refund or Electronic Funds Withdrawal of Balance Due' contains two checkboxes: one for depositing to the same bank account as listed for the federal refund, and another for depositing to a different account.

Electronic Signature

Electronic filing with TaxWise allows two options for the taxpayer to sign the tax return. Each taxpayer and spouse/RDP (if applicable) signs the tax return electronically, or physically signs the state Form 8453, *California e-file Authorization for Individuals*. Electronic signature, the practitioner PIN method, eliminates the requirement for Form 8453, *California e-file Authorization for Individuals*.

To use the electronic signature option on the state tax return, mark "Yes" on the Form CA 540, Page 3. This triggers the appropriate actions in TaxWise.

When you check the "Yes" box, TaxWise places form CA 8879 in your forms tree. You need to know your clients' 2010 California AGI in order to complete the **self-select** PIN signature method. Practitioner PIN does not require prior year California AGI and is preferred.

If you do not want your client to electronically sign the tax return, mark the "No" box on Form 540, page 3.



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California Signature Documents Form 8453

A California Form 8453, *California e-file Authorization for Individuals*.

is an e-file requirement for state forms if your client does not choose to electronically sign the state tax return.

Under the correct social security number, choose CA 8453 from the add tax forms screen. Line down to check all calculations. Double-check to make sure all fields are complete and there are no red errors.

Indicate on Form 540, Page 3, how the taxpayer wants their refund (direct deposit, mail a paper check, etc.) or how to pay the balance due (electronically debited or mail in the check). TaxWise prompts you with red highlights.

Original signatures for both taxpayer and spouse/RDP must be on all the state signature documents. Give this form back to the taxpayer and inform them to keep this copy with their tax return.

E-file Signature Authorization Form CA 8879

Complete form CA 8879 when your client electronically signs the state tax return by using the Practitioner PIN method. Generally, this is faster and easier than using the self-select PIN method.

- If you used a PIN for the federal signature, check the box that allows TaxWise to use the same PIN for the state return. This may be set as a default by your site coordinator. Form 8879 is now complete!
- Complete refund or balance due information on Form 540, Page 3.

Required Defaults

Make sure the following fields are set as tax form defaults.

- The “authorize” box on Form 8879 is checked for both taxpayer and spouse/RDP.
- Firm name, EFIN, ERO Pin, and SIDN fields entered on the Main Info Screen and federal Form 8879, and transferred in yellow to Form 540, Page 3, and Form CA 8879.

Hint: The client’s ZIP code is an easy PIN to use. The client will not need to remember the PIN. It is most important that the client retain the signed 8879.

Head of Household

Submit a Head of Household Schedule (Form CA 4803e) with every e-file claiming the head of household filing status. This form may only be submitted with e-filed tax returns. Taxpayers filing paper tax returns or filing without the schedule receive a questionnaire in the mail. If that questionnaire is not returned within a specific time frame, Franchise Tax Board issues an assessment, and ultimately a bill, for the



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

single filing status tax amount to the taxpayer. **Always help the taxpayer complete the HOH Questionnaire. This is in their best interest.**

Refund Monitor
AGI: \$72,808
Balance Due: \$5,582
State Refund: \$56

CA 4803e Head of Household Schedule 2010

Name: TAX TAXPAYER SSN: 333-33-3331

This form is required for those persons electronically filing their California return who do not want a delay for California mandated Head of Household verification.

Check here ☐ If you accept the possible qualification delay and choose not to file this form. If the return is not electronically filed, you cannot use this form.

1 Look at the chart below to identify the relationship of the person you believe qualified you for the Head of Household filing status. Enter the code number for that relationship here

Relationship	Code
Son, daughter, stepson, or stepdaughter	1
Grandchild, brother, sister, stepbrother, stepsister, half-brother, half-sister, nephew, or niece	2
Eligible foster child	3
Father, mother, stepfather, or stepmother	4
Grandfather, grandmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, uncle, or aunt	5
Other - please explain	6

2 Provide the social security number, name, and age of the qualifying person you indicated in 1.

Social security number: 333-33-3331 Name: TAX TAXPAYER

Age, in years, as of 12/31/2010: 10 If less than one year old, age in months: 0

3 Was your qualifying person's gross income less than \$3,650 in 2010? ☒ Yes ☐ No

4 Did you provide more than half the support for your qualifying person in 2010? ☒ Yes ☐ No

5 Was your qualifying person a full-time student at a recognized educational institution for at least 5 months during 2010? ☒ Yes ☐ No

6 Did the qualifying person live with you the entire year in 2010? ☒ Yes ☐ No

If no, list the beginning and ending dates of each period the person lived with you during 2010, or provide the total number of days the person lived with you during 2010 and answer question 7.

a From To b From To

c or Total number of days (more than 12 hours each day): 0

This facsimile form is not approved for filing directly to the state. Print state form using "Print Return" or "Print Current Form".

By default, TaxWise selects Form 1040 as the form to be filed. When you have entered all the information for this return, TaxWise shows you at the top of the Main Information Sheet whether the return qualifies to be filed on 1040A or 1040EZ. When you select 1040A or 1040EZ, TaxWise automatically transfers the needed

Form 2533 Batch 1 Seq # 0 Any Chars 333-33-3331 6/9/2011 1:13 PM In Return: 863 minutes and 2 seconds

Complete all red fields on this form.

1. Check this box if your client chooses not to complete the form, accept a filing status qualification delay, and a substantial delay to receive their refund. Otherwise, leave it blank.
2. Enter the appropriate code number for the clients' relationship with the individual that qualifies your client for head of household filing status.
3. Provide the social security number and name of the individual that qualifies your client for head of household filing status.
4. Answer questions 3 through 6 appropriately.



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5. If you answered “Yes” to question 6 **do not** enter anything in the remaining fields on Form 4803e, Page 1. If you answered “No”, enter the applicable dates that the qualifying individual lived with your client or the total number of days during the year the individual lived with your client.

Form 4803e, Page 2

CA 4803e (2010) Page 2

Name: TAX TAXPAYER SSN: 333-33-3331

7 If your qualifying person did not live with you for the entire year during 2010, select the code below that best explains the main reason your qualifying person was absent from your home. Enter the code letter here

Main Reason	Code
Lived away at school	A
Military service	B
Hospital or convalescence	C
Birth or death	D
College	E
Lived with other parent	F
Moved in or out	G
Other - please explain	H

8 If your qualifying person was a foster child, was the child placed in your home by an authorized placement agency or by a judgment, decree, or other order of a court? ☐ Yes ☐ No
If yes, what is the name of the placement agency or court that ordered the placement?

9 Was your qualifying person married or an RDP as of December 31, 2010? ☐ Yes ☐ No

10 a If yes, did this person file a joint tax return for 2010 with his or her spouse or RDP? ☐ Yes ☐ No
b Was your qualifying person a citizen of the U.S. or a resident of the U.S., Canada, or Mexico? ☐ Yes ☐ No

11 a Were you married or an RDP as of December 31, 2010? ☐ Yes ☐ No
You were married or an RDP unless one of the following applied.
• You never married and never entered into a registered domestic partnership.
• You received a final decree of divorce, legal separation, or dissolution of registered domestic partnership by December 31, 2010, or you filed a Notice of Termination of Domestic Partnership with the Secretary of State that was effective by December 31, 2010.
• Your marriage or registered domestic partnership was annulled.
• Your spouse / RDP died before January 1, 2010.

b If yes, list the beginning and the ending dates of each period that you lived with your spouse or RDP during 2010.
From To b From To

Please provide a telephone number and the best time to reach you between 6:30 am (06:30) and 7:00 pm (19:00) Monday through Friday, if more information is needed.
Best time to call (Use military time, enter as nnnn)
Telephone Extension

This facsimile form is not approved for filing directly to the state.
Print state form using "Print Return" or "Print Current Form".

By default, TaxWise selects Form 1040 as the form to be filed. When you have entered all the information for this return, TaxWise shows you at the top of the Main Information Sheet whether the return qualifies to be filed on 1040A or 1040EZ. When you select 1040A or 1040EZ, TaxWise automatically transfers the needed

Form 2534 Batch 1 Seq # 0 Any Chars 333-33-3331 6/9/2011 1:27 PM In Return: 877 minutes and 17 seconds

1. Do not enter anything in this box if the qualifying individual lived with your client for the entire year. If the qualifying individual did not live with your client for the entire year, enter the appropriate code for the qualifying individual's absence.
2. TaxWise highlights red fields that are applicable based on answers provided on Form 4803e, Page 1. Appropriately answer questions 9 through 11. Make sure to clear all red fields.

2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

- Do not enter time as shown in the example on the form. Use military format without punctuation, ex: 1200 for noon, 1700 for 5 pm. Always enter a telephone number. If FTB questions the form, a telephone number substantially speeds qualification.

Refund Direct Deposit

Direct deposit refunds, and even split refunds, into two different accounts. Taxpayers pick a date and automatically debit balances due from their bank account. Complete the information at the bottom of Form 540, Page 3. The request includes the same bank information as entered on the federal tax return or information for a different bank for state refund or debit. Any tax return that includes refunds for one entity and debits for another require software manipulation. TaxWise diagnostics tool guides you through the process.

The screenshot shows the TaxWise software interface for Form 540, Page 3. The left-hand pane displays a file tree with various forms and documents. The main area shows the 'Direct Deposit of Refund or Electronic Funds Withdrawal of Balance Due' section. Three numbered callouts are present: 1 points to the 'Do you want to electronically file this return?' checkbox; 2 points to the 'Direct Deposit of Refund or Electronic Funds Withdrawal of Balance Due' section; and 3 points to the 'Electronic Filing Only' section.

- Check the first box in this section if your client wants their state tax refund automatically deposited into the same bank account used on the federal tax return. **Do not** enter bank account information in the spaces below the check boxes.
- Check the second box if there is a debit for state and a refund for federal, or a debit for federal and a refund for state. Enter the bank routing and account number information in the spaces below the check boxes, even if the client uses the same bank account for both entities.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

3. Check the third box if the client prefers the state refund check mailed to the address on the tax return.

Important Note: The banking information may not appear on the printed Form 540 but should appear on the TaxWise version of Form 540 and the printed federal form. The correct information is transmitted through the e-file process.

The screenshot shows the TaxWise software interface with Form 540 open. A callout box with an arrow points to line 8, '1099C Pets Res', which shows a gain of 0. The callout box contains the text: 'Override Mortgage debt relief gain or loss to zero on the "Cap Gn Wkt" in TaxWise.'

Refund Monitor
AGI: \$72,808
Balance Due: \$5,582
State Refund: \$56

3 Total short-term sales 0. 0. 0.

4 Short-term capital gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 0.

5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 0.

6 Short-term capital loss carryover 0.

If using TSJ, spouse's short-term loss carryover 0.

7 Net short-term capital gain or (loss) 0.

Part II: Long-term Capital Gains and Losses - Assets Held More Than One Year

*28% rate gain or (loss) includes all "collectible gains and losses" (as defined in the instructions) and up to 50% of the eligible gain on qualified small business stock (section 1202).

(a) Description of property	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or basis	T S J *	(f) Gain or loss
1099C Pets Res	01/01/2000	01/01/2010	100,000.	300,000.		0.
			0.	0.		0.
			0.	0.		0.
			0.	0.		0.
			0.	0.		0.
			0.	0.		0.

10 Total long-term sales 100,000. 300,000. 0.

11 Gain from Form 4797, Part I, long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824 0.

12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 0.

13 Capital gain distributions 0.

Form 8814, child's capital gain distributions added to line 13 0.

14 Long-term capital loss carryover 3,000.

If using TSJ, spouse's long-term loss carryover 0.

28% gain or loss 0.

Loss carryover + 1041K-1, line 11c, + loss from line 7 0.

Net 28% gain or loss. Listed on line 18 if a gain 0.

15 Net long-term capital gain or (loss) -3,000.

Spouse's short-term: 0. Spouse's long-term: 0.

This facsimile form is not approved for filing directly to the IRS.
Print IRS form using "Print Return" or "Print Current Form".

TaxWise calculates the taxpayer's name and Social Security number from the Main Information Sheet.

To correctly report 1099-C, Mortgage Debt Relief, on the state tax return, use the federal Schedule D, Capital Gain Worksheet, and federal Form 982. There should be zero gain or loss. TaxWise correctly calculates the 1099-C statement flow through to the state tax return.

Use the TaxWise Capital Gain Worksheet to override the gain or loss to zero. Follow the federal instructions for completion of Form 982 and reduction of basis.

Any difference in basis, mortgage indebtedness, or mortgage debt relief amounts between federal and state is out of scope for the VITA/TCE program.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Report 1099-C income unrelated to Mortgage Debt relief on line 21f of the federal tax return. TaxWise correctly calculates line 21f, 1099-C, as taxable income.

Deceased Taxpayers

The California tax return requires several steps when filing for a decedent. Executor, PIN, and 8879 fields need review and revision.

The screenshot displays the TaxWise software interface for filing a California tax return for a deceased taxpayer. The main window is titled 'Deceased Taxpayer or Spouse Information'. The form includes the following sections and fields:

- Deceased Taxpayer or Spouse Information:**
 - Taxpayer date of death: [Redacted]
 - Spouse date of death: 02/15/2010
 - Executor or guardian: JOLLY PRACTICE
 - Executor or guardian phone: 916-444-4444
 - Decedent Representative: Name: JOLLY PRACTICE
 - Representative type: ☐ Administrator, ☐ Beneficiary, ☒ Spouse / RDP / SSMC, ☐ Trustee
- Military Information:**
 - If the taxpayer is in the military, check if applicable: ☐ Military overseas, ☐ Combat zone / GHDA, ☐ National Guard
 - Date taxpayer deployed overseas or entered combat zone / GHDA: [Redacted]
 - Date taxpayer returned from overseas or combat zone / GHDA: [Redacted]
 - Combat zone / GHDA operation or area served: [Redacted]
 - If the spouse / RDP / SSMC is in the military, check if applicable: ☐ Military overseas, ☐ Combat zone / GHDA, ☐ National Guard
 - Date spouse / RDP / SSMC deployed overseas or entered combat zone / GHDA: [Redacted]
 - Date spouse / RDP / SSMC returned from overseas or combat zone / GHDA: [Redacted]
 - Combat zone / GHDA operation or area served: [Redacted]
- Third Party Designee:**
 - Do you want to allow another person to discuss this return with the IRS? Yes ☐ No ☒
 - Designee's: First name, Last name, Telephone
- Preparer:**
 - Firm: FTB
 - Address: 60 BOX 651, STCLAND WFO, CA 95812
 - Phone: 916-845-4521
 - Date: [Redacted]
 - SSN: [Redacted]
 - PTIN: [Redacted]
 - EN: [Redacted]
 - STIN: 971010355

At the bottom of the form, there is a note: "This facsimile form is not approved for filing directly to the state. Print state form using 'Print Return' or 'Print Current Form'."

List an executor for all deceased taxpayers on the California tax return, Form 540, Page 1, even if MFJ filing status with surviving spouse/RDP as sole beneficiary. Enter the surviving spouse/RDP name in the executor field and check the box marked Spouse/RDP.

The deceased taxpayer field must also list a Practitioner PIN on the California tax return and complete the ERO declaration on the California 8879.

Estimate Penalty

Always inform the taxpayer that FTB sends a bill for estimate penalties owed, but the volunteer program does not calculate penalty amounts.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

Refund Monitor
AGI: \$30,000
Balance Due: \$1,783
State Balance Due: \$583

CA 5805 Underpayment of Estimated Tax 2010
Name: **MARRIED RDP** SSN: **233-33-3333**

Part I: Questions

- Are you requesting a waiver of the penalty? If yes, provide an explanation below. ☐ Yes ☒ No
- Did you use the annualized income installment method? ☐ Yes ☒ No
- Was your California withholding not withheld in equal installments and are you able to show the actual amounts withheld per period and actual dates withheld? ☐ Yes ☒ No ☐ N/A
4th: ☐ 5th: ☐ 6th: ☐ 7th: ☐ 8th: ☐ 9th: ☐ 10th: ☐ 11th: ☐ 12th: ☐
- For estates and trusts: Was the date of death less than 2 years from the end of the tax year? ☐ Yes ☒ No

Part II: Required Annual Payment

1 Current year tax after credits	610.
2 Multiply line 1 by 90%	549.
3 Withholding taxes. Do not include any estimated tax payments on this line	40.
4 Subtract line 3 from line 1. If less than \$500 (\$250 if married / RDP filing separately), stop here. You do not owe the penalty. Do not file form FTB 5805.	570.
5 Tax shown on your 2009 tax return. If zero, override line 6 to zero. Check here if your 2009 California AGI was over \$150,000 (\$75,000 if you were married filing separately).	0.
6 Required annual payment. Enter the earlier of the date any balance due was paid or 04/15/2011.	549.

Short Method You may use the short method only if you made no estimated tax payments or your only payments were California income tax withheld, or you paid estimated tax in four equal amounts on the due dates. Check here to use the short method. ☐

7 Amount, if any, from Part II, line 3 above	0.
8 Total amount, if any, of estimated tax payments you made	0.
9 Add line 7 and line 8	0.
10 Total underpayment for year	0.
11 Multiply line 10 by .0262849	0.
12 Penalty reduction for early payment	0.
13 Penalty. Amount from the CA 5805 worksheet or the short method. Amount you request to be waived	13.

By default, TaxWise selects Form 1040 as the form to be filed. When you have entered all the information for this return, TaxWise shows you at the top of the Main Information Sheet whether the return qualifies to be filed on 1040A or 1040EZ. When you select 1040A or 1040EZ, TaxWise automatically transfers the needed information to the selected form and its supporting schedules.

However, if you are preparing a **nonresident alien tax return**, select 1040NR or 1040NR-EZ **before** you enter other information in the return.

After selecting 1040NR or 1040NR-EZ, **do only** the following on the Main Information Sheet:

- Fill in taxpayer name, SSN, address, phone numbers, birth date, and occupation.

Form 2569 Batch 1 Seq # 0 Any Chars 233-33-3333 6/13/2011 3:42 PM In Return: 109 minutes and 41 seconds

Tax owed in excess of \$500 forces the FTB Form 5805. Check No on boxes 1 and 2. Override line 6 to zero. Estimate penalty will calculate to zero. Override line 5 to get the red out. Leave the zero in line 5.

Entering a tax amount in line 5 that is less than or equal to the amount of tax owed on the prior year tax return, or a tax amount equal to the amount of current year withholding, also recalculates the estimate penalty to zero.

Let the red fields be your guide on Form 5805. Complete only the red fields.

State Estimate Payments Sent

Use the F/S Pd Worksheet. Under the heading Taxpayer, Joint, or Combined State Tax Return, enter in the CA line, under the appropriate date paid, each estimate payment sent to the Franchise Tax Board. TaxWise automatically calculates the total and enters the total on line 72 of Form 540, Page 2.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

US Estimated Tax Payments Made for the Current Tax Year 2010

Name: John P. PRACTICE SSN: 565-85-6149

Federal Estimated Tax Payments

See note below	Date of payment	Amount of payment	Towards 04/15/2010 payment	Towards 06/15/2010 payment	Towards 09/15/2010 payment	Towards 01/15/2011 payment
From last year						
0 04/15 1		0.	0.	0.	0.	0.
U 06/15 2		0.	0.	0.	0.	0.
E 09/15 3		0.	0.	0.	0.	0.
01/15 4		0.	0.	0.	0.	0.
* Pay date	04/15/2011	0.	0.	0.	0.	0.
Totals		0.	0.	0.	0.	0.

* Fill in the pay date on Form 2210, page 1.

State Estimated Tax Payments

** The day listed in the date of payment section is the due date for most state estimated tax payments. If your state has different due dates, disregard the date suggested. If payment 1 was paid on or before the date due for payment 1, enter it in payment 1, etc.

* Check the * column, if payment 4 was paid before 01/01/2011.

Taxpayer, Joint, or Combined State Return

For a spouse filing a married separate state return, or a second full year resident state, page down to list the estimated payments made to that state. Do not override the state column.

** Date of Payment

State	Credit from last year	04/15/2010 Amount 1	06/15/2010 Amount 2	09/15/2010 Amount 3	01/15/2011 Amount 4	*	Total
CA	0.	100.	100.	100.	100.		400.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.
	0.	0.	0.	0.	0.		0.

state and/or local balance due from previous years' returns paid in 2010. Include amounts paid with a 2009 extension paid in 2010. TS: 0.

state and/or local balance due from previous years' returns paid in 2010. Include amounts paid with a 2009 extension paid in 2010. TS: 0.

last state estimate payment for 2009 paid in 2010 (due January 15, 2010) TS: 0.

last state estimate payment for 2009 paid in 2010 (due January 15, 2010) TS: 0.

By default, TaxWise selects Form 1040 as the form to be filed. When you have entered all the information for this return, TaxWise shows you at the top of the Main Information Sheet whether the return qualifies to be filed on 1040A or 1040EZ. When you select 1040A or 1040EZ, TaxWise automatically transfers the needed

Form 48 Batch 94 Seq # 0 Name 565-85-6149 6/13/2011 3:53 PM

1. Enter the amount of estimate payments made under the appropriate date. Taxpayers often bring in handwritten estimate payment information. Use information provided by the taxpayer. If FTB finds any difference in estimate amounts, a *Return Information Notice* is sent to the taxpayer.
2. Enter any state tax paid owed on the 2010 tax return and paid in 2011. Also enter any 2010 state estimate tax paid in 2011 and not deducted on a prior year tax return.

Calculate State Estimate Payments

Add a form, CA 540ES Wkt. Check filing status box, complete line 1. TaxWise calculates estimated payments owed. To enter a different amount, complete line 21, Estimate Desired. TaxWise recalculates the tax and completes all vouchers.



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

2011 Estimated Tax Worksheet

Anticipated filing status for 2011

☐ Single ☐ Married / RDP filing separately
☒ Head of household ☐ Married / RDP filing joint or qualifying widow(er)

1 Residents: Enter your estimated 2011 California AGI. Nonresidents and part-year residents: Enter your estimated 2011 total AGI from all sources. If you are a military servicemember not domiciled in California, do not include your military pay \$0,000

2a If you plan to itemize deductions, enter the estimated total of your itemized deductions 0
b Standard deduction 7,340
c Amount from line 2a or line 2b, whichever applies 7,340
d Subtract line 2c from line 1 42,560
e Tax. Enter amount of tax from Form FTB 3800 or FTB 3803 here 997

4 Residents: Skip to line 6. Nonresidents and part-year residents

a Estimated California taxable income 0
b California tax rate 0.0000
c Multiply the amount on line 5a by the California tax rate on line 5b 0
6a Enter the exemption credit amount 198
b Nonresidents and part-year residents - California credit proration percentage 0.0000
7 Nonresidents - California prorated exemption credits 0
8 Residents - subtract line 6 from line 4. Nonresidents or part-year residents, subtract line 7 from line 5c 799

9 Tax on accumulation distribution of trusts 0
10 Add line 8 and line 9 799
11 Credits for joint custody head of household, dependent parent, senior head of household, and child and dependent care expenses 0
12 Subtract line 11 from line 10 799
13 Other credits (such as other state tax credit) 0
14 Subtract line 13 from line 12 799
15 Interest on deferred tax from certain installment obligations under IRC sections 453 or 453A 0
16 Alternative minimum tax 0
17 Mental Health Services Tax 0
18 2011 estimated tax 799
19a Multiply line 18 by 90% 719
b 100% of the tax shown on your 2010 return 1,067
c Adjusted gross income from your California return 60,000
d If the amount on line 19c is more than \$150,000 (\$75,000 married / RDP filing a separate return), go to line 19e. Otherwise, lesser of line 19a or line 19b 719
e Multiply 110% by the tax shown on your 2010 return 0
f Lesser of line 19a or line 19e 0
20 California income tax withheld and estimated to be withheld during 2011 0
21 Estimated tax. (Check here ☐ to use 2010 tax listed on line 19b or 19e)
Estimate desired, if different from required 0

If your estimated tax is less than \$500 (\$250 if married / RDP filing separately), no estimates are due.

Current year overpayment 1,336 Credit ☒ All (Check here ☐ for equal division)

1. Select filing status.
2. Enter estimated California AGI. You also have the option to enter projected itemized deductions. If you do not, the system will automatically pick the standard deduction.
3. Enter the amount of exemption credits.
4. Option to use current year refund as estimate payments for next season. The taxpayer may opt to apply the refund equally to all quarters, or use the entire refund for only the first quarter estimate payment. An option also exists to change the TaxWise calculated estimate payment requirement to an amount of your choosing. Exercise caution changing any calculation.

Important Information

When using the debit option for a balance due, when e-filing a tax return, manually



2011 CALIFORNIA VOLUNTEER REFERENCE MANUAL – TaxWise Tips

enter the banking information twice. The FTB website allows the taxpayer to pay by credit card. There is also an option for the taxpayer to mail the payment and payment voucher (FTB 3582 e-file) directly to the Franchise Tax Board.

You may also request a debit of state estimate payments using TaxWise. Complete the CA 540ES Wkt, TaxWise automatically enters estimated debit amounts on Form 540, page 3, in the Electronic Filing Estimated Tax Payments field. Check the boxes next to the estimate payment dates to designate the direct debit option.

Taxpayers may go to www.ftb.ca.gov, search online services, then Web Pay, for options to direct debit tax return balances, estimate payments, or an extension payment. This service requires the taxpayer's social security number, last name on the tax return, and the aforementioned information much match FTB records.

Volunteer Procedures

As a volunteer tax assistant, always provide your clients accurate information, follow the procedures in the Volunteer Reference Manual, and protect confidential taxpayer information.

Refer questions regarding state tax law to the Franchise Tax Board Volunteer Hotline, **800.522.5665**. Also order forms, reference manuals, and posters using this toll-free number, and locate additional VITA/TCE sites statewide. This number is for volunteer use only. **Please do not give this number to the taxpayer.**

If a taxpayer needs to contact the Franchise Tax Board, please ask them to call 800.852.5711 for customer service or 800.338.0505 for automated telephone service.

Call the volunteer hotline or your local volunteer program coordinator to obtain a *Volunteer Reference Manual*.

All tax return information is confidential. Volunteers discuss information about tax returns prepared when seeking tax or procedural help from their local volunteer program coordinator or the volunteer hotlines only. The VITA program destroys all taxpayer information once the e-file process completes. Please delete all records on TaxWise at the end of each volunteer tax program season. Credibility of the VITA/TCE program is lost when unauthorized disclosure of information occurs. Examine your site location for maximum privacy for volunteers and clients.

Under no circumstances accept any form of payment either for your services or on behalf of the Franchise Tax Board. For more information please see the Volunteer Procedure section in this manual.

Hope you enjoy TaxWise training. For more options, check out FTB's volunteer online training program at ftb.ca.gov.

1

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TRAINING EVALUATION



Trainer _____ Class Location _____

1. This year will be my _____ year assisting in the Volunteer Program (program began in 1977).

2. Was the training suited to your level of experience?

☐ Too Basic ☐ Just Right ☐ Too Complex

What information will be most useful? _____

What information will be least useful? _____

3. Were class objectives stated clearly at the beginning of the class?

☐ Yes ☐ No

Comments: _____

4. Did the class time allow for adequate coverage of each objective?

☐ Yes ☐ No

Comments: _____

5. Did the California volunteer manual contain accurate and comprehensive information for the stated objectives?

☐ Yes ☐ No

Comments: _____

6. Based upon the objectives to be achieved, what is your overall rating of the state training?

☐ Excellent ☐ Good ☐ Fair ☐ Needs Improvement

Comments: _____

7. How would you rate the performance of the instructor?

☐ Excellent ☐ Good ☐ Fair ☐ Needs Improvement

Comments: _____

Additional comments about the program presentation and/or the instructor.

Thank You!

California Volunteers Make The Difference

